

BRITISH COLUMBIA MILK MARKETING BOARD

CONSOLIDATED ORDER OF JUNE 7, 2019

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PART I - INTRODUCTORY

Purpose of Order

1. The British Columbia Milk Marketing Board (the “Board”) has approved this Consolidated Order (the “Consolidated Order”) for the purpose of promoting, controlling and regulating the production, transportation, packing, storing and marketing of milk, fluid milk and manufactured milk products within British Columbia under provincial authority, and for the purpose of regulating the production for marketing, or the marketing, in interprovincial or export trade, of milk, fluid milk and manufactured milk products, under federal authority.

Authority of Board

2. The Board exercises its federal and provincial powers under the following enactments:
 - (a) *Natural Products Marketing (BC) Act*, R.S.B.C. 1996, c. 330 (the “B.C. Act”);
 - (b) *British Columbia Milk Marketing Board Regulation*, B.C. Reg. 167/94 (the “B.C. Regulation”);
 - (c) *British Columbia Milk Order*, SOR/94 - 511 made under the *Agricultural Products Marketing Act*, R.S., c. A-7 (the “Federal Milk Order”); and
 - (d) *Dairy Products Marketing Regulations*, SOR/94 - 466 made under the *Canadian Dairy Commission Act*, R.S., c. C-7 (the “Federal Regulations”).

Interpretation

3. In this and all orders of the Board, unless the context requires otherwise, the definitions contained in the B.C. Act and the B.C. Regulation shall have effect together with the following additional definitions:

“**Bulkley Valley**” means that region within the Province of British Columbia bounded by a line joining the following geographical co-ordinates:

- Point 1: 127° 18' W 54° 49' N
- Point 2: 127° 10' W 54° 52' N
- Point 3: 126° 59' W 54° 48' N
- Point 4: 126° 44' W 54° 36' N
- Point 5: 126° 55' W 54° 34' N

- Point 6: 127° 12' W 54° 42' N

“Business Day” means Monday, Tuesday, Wednesday, Thursday or Friday, but excludes statutory holidays or other holidays on which the offices of the Board are closed;

“Butterfat Skim-Off” is the amount of butterfat recovered from standardization of the butterfat content of fluid milk and used in the production of manufactured milk products;

“Cariboo” means that region within the Province of British Columbia bounded by a line joining the following geographical co-ordinates:

- Point 1: 124° 10' W 54° 5' N
- Point 2: 122° 30' W 54° 0' N
- Point 3: 122° 2' W 52° 34' N
- Point 4: 122° 46' W 52° 35' N
- Point 5: 122° 56' W 53° 47' N
- Point 6: 124° 4' W 53° 54' N

“Certified Organic Producer” means a Producer who is the holder of a valid and subsisting certificate issued pursuant to the *Agri-Food Choice and Quality Act*, S.B.C. 2000, c. 20 and the *Organic Agricultural Products Certificate Regulation*, B.C. Reg. 200/93 or such other standard and regulation approved by the Board certifying that the Producer meets the standards applicable to organic farming;

“Commission” means the Canadian Dairy Commission;

“Continuous Daily Quota” means:

- (a) a concurrent quantity of Provincial Fluid Quota and Federal Fluid Quota expressed in kilograms of butterfat per day;
- (b) a concurrent quantity of Provincial Manufactured Milk Quota and Federal Manufactured Milk Quota expressed in kilograms of butterfat per day; or
- (c) an aggregate of (a) and (b);

and includes a share of such Continuous Daily Quota when allotted to Producers;

“Conventional Production” means milk other than Organic Production.

“Credit” means a kilogram of butterfat available in an Over Production Credit or in an Under Production Credit;

“Credit Transfer” means a transaction whereby Over Production Credits or Under Production Credits are Transferred from one licensed Producer directly to another;

“Dairy Farm” means all the facilities and equipment used for the production of milk that are geographically and operationally separate from any other facilities or equipment used for the production of milk. No more than one Dairy Farm may exist on a single parcel of land.

“Dairy Farmer” means the owner or occupier of a Dairy Farm, and includes the manager or other Person in charge of a Dairy Farm;

“Dairy Plant” means a premises which receives milk for processing, distribution and/or manufacturing into fluid milk products and/or manufactured milk products, and includes such premises located on a Dairy Farm;

“Dairy Year” means the 12 month period from August 1 in a calendar year to July 31 in the following calendar year;

“Deliveries” or “Delivered” includes all transfers of a regulated product:

- (a) from a Producer, through the Board, to a Vendor;
- (b) between Vendors for marketing or for processing into a regulated product; and
- (c) a transfer from a Producer to that same Producer in his or her capacity as Vendor;

“Farm Sale” means a Transfer where:

- (a) 50% of a Transferor’s available Continuous Daily Quota is Transferred to one purchaser, contemporaneously and together with the Transferor’s total legal and beneficial fee simple interest in the land and associated Dairy Farm (including the Transferor’s total legal and beneficial interest in all buildings, facilities, equipment and dairy cows used in connection with that Dairy Farm);
- (b) the Transferor retains no legal or beneficial reversionary interest in either the Continuous Daily Quota so Transferred or the land and associated Dairy Farm (including any buildings, facilities, equipment or dairy cows used in connection with that Dairy Farm); and

- (c) the remaining 50% of the Transferor's Continuous Daily Quota is forthwith Transferred through the Quota Exchange;

all subject to the surrender provisions of this Consolidated Order;

"Federal Fluid Quota" means the total quantity of milk, as defined in the Federal Milk Order, authorized by that Federal Milk Order to be allotted for the production for marketing, or the marketing, in interprovincial or export trade;

"Federal Manufactured Milk Quota" means quota defined as federal quota in the Federal Regulations;

"Food Natural Health Products" means Life-Style Milk;

"Fraser Valley" means that region within the Province of British Columbia bounded by a line joining the following geographical co-ordinates:

- Point 1: 123° 5' W 49° 0' N
- Point 2: 123° 7' W 49° 11' N
- Point 3: 122° 41' W 49° 16' N
- Point 4: 122° 27' W 49° 11' N
- Point 5: 121° 46' W 49° 15' N
- Point 6: 121° 44' W 49° 15' N
- Point 7: 121° 43' W 49° 11' N
- Point 8: 121° 58' W 49° 5' N
- Point 9: 122° 8' W 49° 0' N

"Going Concern Sale" means a Transfer where:

- (a) 100% of a Transferor's available Continuous Daily Quota is Transferred to one purchaser, contemporaneously and together with the Transferor's total legal and beneficial fee simple interest in the land and associated Dairy Farm (including the Transferor's total legal and beneficial interest in all buildings, facilities, equipment and dairy cows used in connection with that Dairy Farm); and
- (b) the Transferor retains no legal or beneficial reversionary interest in either the Continuous Daily Quota so Transferred or the land and associated Dairy Farm (including any buildings, facilities, equipment or dairy cows used in connection with that Dairy Farm);

subject to the surrender provisions of this Consolidated Order;

“Grass Fed Milk” means milk that is obtained from cows that are fed a diet which meets industry accepted “grass fed” standards that are approved by the receiving Vendor and by the Board.

“Kootenays” means that region within the Province of British Columbia bounded by a line joining the following geographical co-ordinates:

- Point 1: 116° 38' W 49° 9' N
- Point 2: 116° 34' W 49° 9' N
- Point 3: 116° 29' W 49° 6' N
- Point 4: 116° 25' W 49° 6' N
- Point 5: 116° 25' W 49° 0' N
- Point 6: 116° 36' W 49° 0' N

“Licensee” means a Person who holds a Valid Licence issued by the Board or the Commission;

“Life-Style Milk” means Naturally Enriched Essential Fatty Acids Milk, Vita D Milk or Grass Fed Milk.

“Monthly Production Entitlement” means the amount of Continuous Daily Quota allotted to a Producer, multiplied by the number of days that milk Delivered by that Producer had been produced in a month, adjusted by the Board to account for:

- (a) Transfers of Continuous Daily Quota;
- (b) Credit Transfers; and
- (c) allotments of new Continuous Daily Quota or adjustments or reductions of allotted Continuous Daily Quotas;

“Naturally Enriched Essential Fatty Acids Milk” means milk that is certified by an independent laboratory to contain essential fatty acids as follows:

Docosahexaenoic acid: approximately 2.0 mg/g (fat as triglycerides) in milk;

Elcosapentaenoic acid: approximately 1.0 mg/g (fat as triglycerides) in milk; and

Conjugated Linoleic acid: approximately 20.0 mg/g (fat as triglycerides) in milk;

“Okanagan” means that region within the Province of British Columbia bounded by a line joining the following geographical co-ordinates:

- Point 1: 119° 27' W 50° 75' N
- Point 2: 118° 87' W 50° 91' N
- Point 3: 118° 85' W 50° 87' N
- Point 4: 118° 93' W 50° 83' N
- Point 5: 119° 03' W 50° 58' N
- Point 6: 118° 91' W 50° 57' N
- Point 7: 118° 82' W 50° 63' N
- Point 8: 118° 78' W 50° 60' N
- Point 9: 118° 89' W 50° 51' N
- Point 10: 119° 06' W 50° 51' N
- Point 11: 119° 08' W 50° 45' N
- Point 12: 119° 23' W 50° 30' N
- Point 13: 118° 72' W 50° 30' N
- Point 14: 118° 72' W 50° 20' N
- Point 15: 119° 27' W 50° 20' N
- Point 16: 119° 30' W 50° 35' N
- Point 17: 119° 84' W 50° 46' N
- Point 18: 119° 97' W 50° 61' N
- Point 19: 120° 17' W 50° 64' N
- Point 20: 120° 18' W 50° 67' N
- Point 21: 119° 53' W 50° 90' N
- Point 22: 119° 33' W 50° 88' N

“Organic Production” means milk produced by a Certified Organic Producer in accordance with the applicable organic standards.

“Over Production Credit” means the number of kilograms of butterfat that is equal to the amount of Continuous Daily Quota allotted to a Producer multiplied by 5, less the aggregate number of kilograms of butterfat Delivered by that Producer in excess of any Monthly Production Entitlement and any available Under Production Credit in any previous month;

“Peace River” means that region within the Province of British Columbia bounded by a line joining the following geographical co-ordinates:

- Point 1: 120° 59' W 56° 18' N
- Point 2: 120° 29' W 56° 20' N
- Point 3: 119° 59' W 55° 52' N
- Point 4: 120° 0' W 55° 27' N
- Point 5: 120° 31' W 55° 45' N

“Person” means a person as defined in the *Interpretation Act*, R.S.B.C. 1996, c. 238;

“Pool Participant Producer” means a Producer operating under a Class “C” Producer Licence and a Class “C-FED” Producer Licence, and includes a Class “D” Producer Vendor who has elected to receive milk from another Vendor or Producer (through the Board) as permitted under the Cottage Industry Program Rules;

“Pool Participant Vendor” means a Vendor who is the holder of a Valid Licence, but does not include a Person who is the holder of a Class “D” Producer Vendor Licence unless such Class “D” Producer Vendor has elected to receive milk from another Vendor or Producer (through the Board) as permitted under the Cottage Industry Program Rules;

“Processor” means any Person who operates a Dairy Plant and receives or utilizes milk for processing into fluid milk or manufactured milk products;

“Producer” means a Person who produces milk obtained from cows in British Columbia;

“Producer Vendor” means a Producer, who processes on a Dairy Farm, milk from that Dairy Farm into fluid milk or manufactured milk products;

“Provincial Fluid Quota” means quota as defined in the B.C. Regulation as it pertains to the fluid milk market;

“Provincial Manufactured Milk Quota” means quota as defined in the B.C. Regulation as it pertains to the manufactured milk market, and has the same meaning as provincial quota under the Federal Regulations;

“Qualifying Milk” has the meaning as defined in the *Milk Industry Act*, R.S.B.C. 1996, c. 289;

“Quota” means one, or a combination, of:

- (a) Continuous Daily Quota;
- (b) Federal Fluid Quota;
- (c) Federal Manufactured Milk Quota;
- (d) Provincial Fluid Quota; or
- (e) Provincial Manufactured Milk Quota;

and includes a share of such Quota when allotted to Producers;

“Related Producers” mean:

- (a) a Producer that is a corporation and a Producer that has a direct or indirect interest in that corporation, whether by means of shares in that corporation (and irrespective of the class of shares) or by way of a share interest in a parent corporation;
- (b) any two or more Producers that carry on business in partnership, each with the other; or
- (c) any two or more Producers, if they are controlled by the same Person or group of Persons;

“Related Vendors” mean:

- (a) a Vendor that is a corporation and a Vendor that has a direct or indirect interest in that corporation, whether by means of shares in that corporation (and irrespective of the class of shares) or by way of a share interest in a parent corporation;
- (b) any two or more Vendors that carry on business in partnership, each with the other; or
- (c) any two or more Vendors, if they are controlled by the same Person or group of Persons;

“Relative” means a Person’s:

- (a) spouse;
- (b) child;
- (c) child and the child’s spouse;
- (d) niece;
- (e) niece and the niece’s spouse;
- (f) nephew;
- (g) nephew and the nephew’s spouse;
- (h) grandchild; and/or
- (i) grandchild and the grandchild’s spouse.

“Remote Region” means those regions within the Province of British Columbia excluding Bulkley Valley, Cariboo, Fraser Valley, Kootenays, Okanagan, Peace River and Vancouver Island;

“Special Allotment” means:

- (a) a general allotment of Continuous Daily Quota by the Board;
- (b) an allotment of Continuous Daily Quota in accordance with the Graduated Entry Program Rules set out in Schedule 1;
- (c) an allotment of Continuous Daily Quota in accordance with the New Entrant Program Rules set out in Schedule 2 or
- (d) an allotment of Continuous Daily Quota in accordance with the Cottage Industry Program Rules set out in Schedule 3.

“Special Classes” means milk classified in any of sub-classes 5(a)-(d) provided to a holder of a valid Special Milk Class Permit issued by the Commission;

“Transfer” means the direct or indirect transfer of a legal or equitable interest in Continuous Daily Quota, an Over Production Credit, or an Under Production Credit, or the grant of an option to transfer an interest in same, but does not include an assignment of Continuous Daily Quota in favour of a bona fide lender of a security interest in the Continuous Daily Quota;

“Transferee” means the Person to whom Continuous Daily Quota, an Over Production Credit, or an Under Production Credit is being Transferred;

“Transferor” means the Person from whom Continuous Daily Quota, an Over Production Credit, or an Under Production Credit is being Transferred;

“Under Production Credit” means the number of kilograms of butterfat that is equal to the amount of Monthly Production Entitlement not Delivered by a Producer in a month, up to a maximum equal to the amount of Continuous Daily Quota allotted to that Producer multiplied by 15, less the aggregate number of kilograms of butterfat Delivered by that Producer in excess of any Monthly Production Entitlement and any available Under Production Credit in any previous month;

“Valid Licence” means a current and subsisting licence of the applicable class issued by the Board to a Person in good standing with respect to each and every requirement therefor;

“Vendor” means any Processor dealing in milk or manufactured milk products by purchase or sale, and includes a Producer Vendor, but does not include a Producer as such;

“Vita D Milk” means milk that is:

- (a) obtained from cows that are fed a unique plant source of Vitamin D in a concentration that has been verified by an independent laboratory; and
- (b) marketed in a manner that is authorized by the Canadian Food Inspection Agency.

PART II - LICENSING

Requirement to Hold Licence

4. (1) No Person shall act as a Vendor, Producer or Producer Vendor unless in possession of a Valid Licence issued by the Board and no Person shall be relieved of compliance with the requirements in respect of any class of licence on the grounds that such Person is the holder of a Valid Licence of another class.
- (2) Where Persons carry on business in partnership, each with the other, a Valid Licence may be issued by the Board in the names of each of the partners and in the business name carried on by those partners, if any. Such licence is subject to cancellation upon order of the Board in the event of a change in the membership of the partnership with respect to a Person or Persons having an interest of 50% or more in the partnership.
- (3) Where a Valid Licence has been issued by the Board to a corporation, such licence is subject to cancellation upon order of the Board in the event of a change in the ownership, direct or indirect, of the majority voting shares of the corporation.

Application Process

5. Every application for a licence must be made to the Board in the required form with the required licence fee.

General Conditions

6. (1) It is a condition of issuance and maintenance of every licence that the applicant or holder complies with orders of the Board from time to time in force.
- (2) No licence may be issued by the Board unless the applicant has complied with all government requirements applicable to the applicant's operations, including the regulations made under the Milk Industry Act.
- (3) Licences are issued on an annual basis expiring at the end of the Dairy Year.

Licence Classes

7. The Board may issue annual licences as follows:

- (a) Class “A” Vendor Licence and Class “A-FED” Vendor Licence to a Vendor, for each Dairy Plant operated by that Vendor which processes milk into fluid milk products and which may process milk into manufactured milk products, who:
 - (i) has a valid and subsisting licence issued under the *Milk Industry Act* for the operation of that Dairy Plant;
 - (ii) has valid and subsisting dairy plant process worker licences for all dairy plant personnel as required under the *Milk Industry Act*; and
 - (iii) undertakes, as a condition of issuance of the licence, to receive milk on each and every day of the week, and at such time or times as the Board may direct.

- (b) Class “B” Vendor Licence to a Vendor, for each Dairy Plant operated by that Vendor and which processes or markets only manufactured milk products for that market, who:
 - (i) has a valid and subsisting licence issued under the *Milk Industry Act* for the operation of that Dairy Plant; and
 - (ii) has valid and subsisting dairy plant process worker licences for all dairy plant personnel as required under the *Milk Industry Act*; and
 - (iii) undertakes, as a condition of issuance of the licence, to receive milk on each and every day of the week, and at such time or times as the Board may direct.

- (c) Class “C” Producer Licence and Class “C-FED” Producer Licence to a Producer, for each Dairy Farm operated by that Producer, who:
 - (i) has a valid and subsisting Dairy Farm Licence issued under the *Milk Industry Act* classifying the farm as an approved Dairy Farm;
 - (ii) has a minimum allotment of 4.1 kilograms of Continuous Daily Quota;
 - (iii) undertakes to sell, ship for sale and offer for sale all milk produced on the farm through the Board, and at such time or times as the Board may direct;
 - (iv) after the licence has been issued, displays that licence in the vicinity of the farm bulk milk tank and in view of the milk hose connection outlet;
 - (v) permanently installs and maintains as an integral part of the milking system, milk volume metering equipment acceptable to and approved by the Board that provides accurate measurement, at the time of milking, of individual cow production, in the event that such Producer is also the holder of a Class “A” and Class “A-FED” Vendor Licence or a Class “B” Vendor Licence;
 - (vi) in the alternative to (v), at that Producer’s expense, will commence and maintain participation in the Supervised Dairy Herd Improvement Services testing and monitoring program and shall, upon request of an authorized representative of the Board, immediately make available any and all tests and monitoring results to the Board, in the event that such Producer is also the holder of a Class “A” and Class “A-FED” Vendor Licence or a Class “B” Vendor Licence;

- (d) Class “D” Producer Vendor Licence to a Producer, for the Dairy Farm operated by that Producer, who:
 - (i) is a current and subsisting participant in the Cottage Industry Program in full compliance with all of the requirements of that program;
 - (ii) has a valid and subsisting Dairy Farm Licence issued under the *Milk Industry Act* classifying the farm as an approved Dairy Farm;

- (iii) does not own or control more than one Dairy Farm, whether directly, or in conjunction with a Related Producer;
- (iv) has a minimum allotment of 4.1 kilograms of Continuous Daily Quota consisting wholly or partially of Continuous Daily Quota allotted under the Cottage Industry Program;
- (v) operates a Dairy Plant on that Dairy Farm and undertakes, as a condition of issuance of the licence, that the Dairy Plant processes only milk produced by that Producer's own cows (unless otherwise permitted under the terms of the Cottage Industry Program) and only into consumer-ready manufactured milk products approved by the Board;
- (vi) in the alternative to paragraph (v):
 - A. operates a Dairy Plant on that Dairy Farm which is situated within a Remote Region;
 - B. is engaged exclusively in the production and processing of breed-specific certified organic milk; and
 - C. undertakes, as a condition of issuance of the licence, that the Dairy Plant processes only milk produced by that Producer's own cows (unless otherwise permitted under the terms of the Cottage Industry Program) and only into consumer-ready manufactured milk products and/or consumer-ready fluid milk products approved by the Board, provided that:
 - I. any such fluid milk products that are processed from milk produced by that Producer's own cows are processed from milk produced under Continuous Daily Quota that was purchased by that Producer through the Quota Exchange, or acquired by that Producer by way of a general allotment of Continuous Daily Quota made by the Board; and
 - II. milk produced by that Producer's own cows for the processing of fluid milk products does not exceed 27.4 kilograms of Continuous Daily Quota;
- (vii) has a valid and subsisting licence issued under the *Milk Industry Act* for the operation of that Dairy Plant;

- (viii) has valid and subsisting dairy plant process worker licences for all dairy plant personnel as required under the *Milk Industry Act*;
 - (ix) is ineligible to receive milk from another Vendor or Producer (unless otherwise permitted under the terms of the Cottage Industry Program);
 - (x) does not market fluid milk, unless that Producer qualifies under paragraph (vi);
 - (xi) permanently installs and maintains as an integral part of the milking system, milk volume metering equipment acceptable to and approved by the Board that provides accurate measurement, at the time of milking, of individual cow production;
 - (xii) in the alternative to paragraph (xi), at that Producer's expense, will commence and maintain participation in the Supervised Dairy Herd Improvement Services testing and monitoring program and shall, upon request of an authorized representative of the Board, immediately make available any and all tests and monitoring results to the Board;
 - (xiii) without the written approval of the Board, is ineligible to sell, ship for sale or offer for sale any milk produced on the farm; and
 - (xiv) does not hold any other class of licence, unless otherwise approved by the Board.
- (e) Class "E" Producer Vendor Licence to a Producer, for the Dairy Farm operated by that Producer, who:
- (i) has a valid and subsisting Dairy Farm Licence issued under the *Milk Industry Act* classifying the farm as an approved Dairy Farm;
 - (ii) does not own or control more than one Dairy Farm, whether directly, or in conjunction with a Related Producer;
 - (iii) has a production volume that does not exceed 4.1 kilograms of butterfat per day;

- (iv) has situated that Dairy Farm in a secluded area that is not serviced by road or by ferry with vehicular access;
- (v) operates a Dairy Plant on that Dairy Farm and undertakes, as a condition of issuance of the licence, that the Dairy Plant processes only milk produced by that Producer's own cows and only into consumer-ready fluid and manufactured milk products;
- (vi) markets all consumer-ready fluid and manufactured milk products processed by that Dairy Plant at the farm gate, or otherwise to local retailers or local wholesalers situate within the aforesaid secluded area that is not serviced by road or by ferry with vehicular access;
- (vii) has a valid and subsisting licence issued under the *Milk Industry Act* for the operation of that Dairy Plant;
- (viii) has valid and subsisting dairy plant process worker licences for all dairy plant personnel as required under the *Milk Industry Act*;
- (ix) is ineligible to receive milk from another Vendor or Producer;
- (x) permanently installs and maintains as an integral part of the milking system, milk volume metering equipment acceptable to and approved by the Board that provides accurate measurement, at the time of milking, of individual cow production;
- (xi) in the alternative to (x), at that Producer's expense, will commence and maintain participation in the Supervised Dairy Herd Improvement Services testing and monitoring program and shall, upon request of an authorized representative of the Board, immediately make available any and all tests and monitoring results to the Board;
- (xii) without the written approval of the Board, is ineligible to sell, ship for sale or offer for sale any milk produced on the farm except in accordance with (vi); and
- (xiii) does not hold any other class of licence, unless otherwise approved by the Board.

Licence Fee

8. The annual licence fee payable to the Board for each class of licence is \$10.00 and is non-refundable.

Renewal

9. At the commencement of a Dairy Year, the Board will renew:
 - (a) every existing Producer licence without application, provided that the holder has paid the licence fee and maintained compliance with all orders of the Board; and
 - (b) Vendor licences upon receipt of the prescribed application form and licence fee and provided that the Vendor has maintained compliance with all orders of the Board.

No Transferability of Licences

10. Licences issued under this Consolidated Order are not transferable.

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PART III - ALLOTMENT AND REGISTRATION OF QUOTA

Form in Which Quota is Allotted

11. (1) All Quota allotted to a Producer shall be allotted as Continuous Daily Quota expressed in kilograms of butterfat per day.
- (2) Continuous Daily Quota allotted to a Producer shall be deemed to be derived, in part, from:
- (a) an allotment of a concurrent quantity of Provincial Fluid Quota and Federal Fluid Quota expressed in kilograms of butterfat per day; and
 - (b) an allotment of a concurrent quantity of Provincial Manufactured Milk Quota and Federal Manufactured Milk Quota expressed in kilograms of butterfat per day.

General Principles of Allotment

12. (1) When Provincial Fluid Quota is allotted, an equivalent quantity of Federal Fluid Quota is allotted contemporaneously. Such Provincial Fluid Quota and Federal Fluid Quota is held for production concurrently as Continuous Daily Quota.

Example: If 10 kilograms of Provincial Fluid Quota is allotted to a Producer, 10 kilograms of Federal Fluid Quota is allotted to that Producer contemporaneously. The 10 kilograms of Provincial Fluid Quota and the 10 kilograms of Federal Fluid Quota is held for production concurrently as 10 kilograms of Continuous Daily Quota.

- (2) When Provincial Manufactured Milk Quota is allotted, an equivalent quantity of Federal Manufactured Milk Quota is allotted contemporaneously. Such Provincial Manufactured Milk Quota and Federal Manufactured Milk Quota is held for production concurrently as Continuous Daily Quota.

Example: If 10 kilograms of Provincial Manufactured Milk Quota is allotted to a Producer, 10 kilograms of Federal Manufactured Milk Quota is allotted to that Producer contemporaneously. The 10 kilograms of Provincial Manufactured Milk Quota and the 10 kilograms of Federal Manufactured Milk Quota is held for production concurrently as 10 kilograms of Continuous Daily Quota.

Allotment of Continuous Daily Quota

13. (1) Without the written consent of the Board, a licensed Producer shall not be permitted to hold an allotment of Continuous Daily Quota exceeding 5.0% of the Continuous Daily Quota allotted by the Board to all Producers. This limitation applies to all Continuous Daily Quota allotted by the Board to a Producer including that in which a Person may have an interest by means of partnership, corporate agreement or share equity.
- (2) The Board may allot new Continuous Daily Quota or adjust or reduce allotted Continuous Daily Quotas to such Producers, at such time or times, in such amounts and in such a manner as may be determined by it. In the event that the Board decides to allot new Continuous Daily Quota, it shall:
 - (a) consult with the British Columbia Milk Industry Advisory Committee and the British Columbia Specialty Production Advisory Committee;
 - (b) have regard to differences in market growth among Conventional Production and each class of Organic Production; and
 - (c) allot such Continuous Daily Quota only to licensed Producers who are in full compliance with this Consolidated Order, the B.C. Act, the B.C. Regulation and other relevant legislation, and on a pro rata basis according to each such Producer's share of the Continuous Daily Quota allotted by the Board to all Producers within each class of production;
- (3) A licensed Producer who has Transferred Continuous Daily Quota (other than as a consequence of a deemed Transfer) is ineligible to receive a general allotment of Continuous Daily Quota from the Board for a period of 12 months following the date of the Transfer.
- (4) A licensed Producer who is eligible to receive a general allotment of Continuous Daily Quota from the Board may decline to receive that allotment. Where such a general allotment has been so declined, the Producer's eligibility for that allotment shall irrevocably terminate. The general allotment may not be deferred at the option of the Producer under any circumstance.
- (5) Where a Producer operates more than one Dairy Farm, Continuous Daily Quota allotted to that Producer will be apportioned by the Board to each such Dairy Farm in accordance with subsection (2) and in proportion to the Continuous Daily Quota then held for production with respect to each such Dairy Farm.

Special Allotment of Continuous Daily Quota Under Graduated Entry Program

14. The Board may allot Continuous Daily Quota in accordance with the Graduated Entry Program Rules set out in Schedule 1.

Special Allotment of Continuous Daily Quota Under New Entrant Program

15. The Board may allot Continuous Daily Quota in accordance with the New Entrant Program Rules set out in Schedule 2.

Special Allotment of Continuous Daily Quota Under Cottage Industry Program

16. The Board may allot Continuous Daily Quota in accordance with the Cottage Industry Program Rules set out in Schedule 3.

Registration of Continuous Daily Quota

17. (1) Where a Producer carries on business as a sole proprietor, Continuous Daily Quota allotted to that Producer will be registered by the Board:
- (a) to the Dairy Farm used by that Producer for the production of milk; and
 - (b) in the name of the Producer and in the business name carried on by that Producer, if any.
- (2) Where Producers carry on business in partnership, each with the other, Continuous Daily Quota allotted to those Producers is deemed to have been allotted in proportion to the interest of each such Producer in the control or financial growth of the partnership, and will be registered by the Board:
- (a) to the Dairy Farm used by those Producers for the production of milk; and
 - (b) in the names of each of the partners and in the business name carried on by those partners, if any.

At the time of first registration, and subsequently as required by the Board, the partners shall file with the Board a true copy of the partnership agreement showing the name of each partner and the interest that each partner has in the partnership. The partners shall further inform the Board in writing one calendar month before any change is made with respect to the interest of each partner in the partnership.

- (3) Where a Producer is a corporation, Continuous Daily Quota allotted to that Producer is deemed to have been allotted in proportion to the interest of each individual having a direct or indirect interest in the control or financial growth of that corporation, whether by means of shares in that corporation (and irrespective of the class of shares) or by way of a share interest in a parent corporation, and will be registered by the Board:
 - (a) to the Dairy Farm used by that Producer for the production of milk; and
 - (b) in the name of the corporation and in the names of each of the individuals having such a direct or indirect interest in that corporation.

At the time of first registration, and subsequently as required by the Board, the corporation shall file with the Board:

- (a) a list of the names and addresses of the officers of the corporation;
- (b) true copies of its Certificate of Incorporation, Central Securities Register and Register of Directors; and
- (c) true copies of the Certificates of Incorporation, Central Securities Registers and Registers of Directors for each parent corporation having a direct or indirect interest in that corporation.

The corporation shall further inform the Board in writing one calendar month before any change is made with respect to the share allotment within, or structure of, the corporation.

- (4) Failure by a Producer to provide the Board with any of the documents required by the Board within the time specified by the Board shall result in the suspension of the offending Licensee's licence and Continuous Daily Quota until the required document is filed and approved by the Board.
- (5) Continuous Daily Quota may not be registered to a Dairy Farm that has insufficient capacity for the production of milk from such Continuous Daily Quota.

Temporary Production Permits

18. (1) Where necessary to meet market demand for Organic Production, the Board may, in its sole discretion, issue temporary production permits to Producers, or to any class or group of Producers, on such terms and conditions as the Board may in its sole discretion deem appropriate.

- (2) Temporary production permits are:
- (a) expressed in kilograms of butterfat per day;
 - (b) designated to be used for the purpose of engaging in Conventional Production, or Organic Production of a particular class, as the case may be;
 - (c) non-transferrable;
 - (d) temporary, and:
 - (i) subject to revocation by the Board for any reason on three months' notice to the Producer who has been issued a temporary production permit;
 - (ii) subject to immediate revocation in the event of non-compliance with this Consolidated Order;
 - (iii) subject to immediate and automatic revocation where, and to the extent to which, the Producer who has been issued a temporary production permit has acquired further Continuous Daily Quota by general allotment or otherwise.

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PART IV - TRANSFER OF CONTINUOUS DAILY QUOTA

Limitations on Transfer of Continuous Daily Quota

19. (1) Continuous Daily Quota may only be Transferred:
- (a) in amounts divisible by one-tenth of a kilogram;
 - (b) for the purpose of engaging in:
 - (i) Conventional Production, where the Continuous Daily Quota was used for that purpose prior to the date of Transfer; or
 - (ii) Organic Production of the same class as the Continuous Daily Quota was so used prior to the date of Transfer;
- provided, nevertheless, that:
- (iii) Organic Producers must provide six month's written notice to convert from Organic to Conventional production. All Specialty Continuous Daily Quota that was previously Continuous Daily Quota will be converted back to conventional production, and all Specialty Continuous Daily Quota allocated or purchased on an organic quota exchange, will be sold through the organic quota exchange; and
 - (iv) the Board may in its sole discretion permit Continuous Daily Quota to be Transferred as Continuous Daily Quota that may be used for the purpose of engaging in Conventional Production, Organic Production, or Organic Production of a different class, as the case may be.
- (c) upon application to, and with the approval of, the Board;
 - (d) through the Quota Exchange, excepting:
 - (i) Transfers to Relatives;
 - (ii) Transfers from a corporate Producer:
 - A. to one or more individuals, each of whom is an Relative in relation to every individual having a direct or indirect interest in the corporate Transferor; or

- B. to another corporate Producer, the direct and indirect interest in which is exclusively held by one or more individuals, each of whom is an Relative in relation to every individual having a direct or indirect interest in the corporate Transferor;
 - (iii) Transfers from an individual Producer to a corporate Producer, the direct and indirect interest in which is exclusively held by one or more individuals, each of whom is an Relative in relation to the Transferor;
 - (iv) Transfers which constitute a Farm Sale;
 - (v) Subject to subsections (2), (3), (4) and (5), Transfers which constitute a *bona fide* Going Concern Sale;
 - (vi) Transfers which constitute a Credit Transfer;
 - (vii) deemed Transfers between Producers who are existing partners in a partnership;
 - (viii) deemed Transfers between individuals who have an existing direct or indirect interest in a corporate Producer;
 - (ix) Transfers from a Producer to a corporate Producer in which the Producer has an existing direct or indirect interest; or
 - (x) deemed Transfers to the executor, administrator or trustee of a deceased Producer.
- (2) The Board will determine, in its sole discretion, whether a Transfer is a *bona fide* Going Concern Sale having regard to the following factors:
- (a) whether the Transferee intends, and has committed to the satisfaction of the Board, to engage in milk production from all of the Continuous Daily Quota so Transferred exclusively at the Dairy Farm that is the subject of the Going Concern Sale for a period of not less than ten years from the date of the Going Concern Sale;
 - (b) whether there is a legitimate business purpose for the structure of the Transfer unconnected with the mere objective of circumventing a requirement to Transfer all or any part of the Continuous Daily Quota through the Quota Exchange;

- (c) the reasons, if any, as to why it would not be possible or practical for the Transferor or the Transferee to Transfer Continuous Daily Quota on the Quota Exchange.
 - (d) whether the parties to the Transfer have entered into any oral or written agreements as might suggest that the Transfer was structured for the primary purpose of circumventing a requirement to Transfer all or any part of the Continuous Daily Quota through the Quota Exchange; and
 - (e) any other facts or circumstances as might suggest that the Transfer was structured for the primary purpose of circumventing a requirement to Transfer all or any part of the Continuous Daily Quota through the Quota Exchange.
- (3) For the *purpose* of determining the *bona fides* of a Going Concern Sale, each party to the proposed transaction must provide to the Board a sworn statutory declaration attesting to the factors described in subsection (2) and exhibiting all draft and executed written agreements in connection with the proposed transaction. The Board may require any party to the proposed transaction to provide such further information and documentation as it may deem necessary, and shall have regard to the substance and effect of any arrangement made between the parties to the Transfer, irrespective of the form of that arrangement.
- (4) Where:
- (a) it appears to the Board that parties to a Going Concern Sale have structured the transaction for the primary purpose of circumventing the requirement that Continuous Daily Quota be Transferred through the Quota Exchange; or
 - (b) one or more parties to the transaction admit that the Going Concern Sale does not constitute a *bona fide* Going Concern Sale; or
 - (c) the Transferee does not intend to engage, or has not engaged, in milk production from all of the Continuous Daily Quota so Transferred exclusively at the Dairy Farm that is the subject of the Going Concern Sale for a period of not less than ten years from the date of the Going Concern Sale;

the Transfer shall be deemed to lack *bona fides*.

- (5) Notwithstanding any previous determination that may have been made by the Board concerning the *bona fides* of a Going Concern Sale, if at any time within 10 years from the date of the Transfer it appears to the Board that a Going Concern Sale is not or was not a *bona fide* Going Concern Sale, 50% of the Continuous Daily Quota acquired by the Transferee in that Going Concern Sale must forthwith be Transferred through the Quota Exchange.

Quota Exchange

20. The Quota Exchange shall be operated by the Board in accordance with this Consolidated Order and the Quota Exchange Rules set out in Schedules 4 and 5.

No Commission on Transfer

21. No commission or other remuneration shall be payable to the Board in respect to the Transfer of Continuous Daily Quota.

Application to Transfer Continuous Daily Quota or Credits

22. (1) Applications to Transfer Continuous Daily Quota other than through the Quota Exchange:
 - (a) must be provided to the Board on or before 4:30 p.m. on the first Business Day of the month preceding the month in which the Transfer is to occur; and
 - (b) will be approved only on the first day of the month following receipt of the application.
- (2) Applications to Transfer Over Production Credits or Under Production Credits must be provided to the Board on or before 1:00 p.m. on the 25th day of the month. If the 25th day of the month is not a Business Day, then the application deadline is 1:00 p.m. on the last Business Day prior to the 25th of the month.
- (3) The Board will not consider applications to Transfer Over Production Credits or Under Production Credits:
 - (a) concerning an amount that is less than 25 Credits;
 - (b) where the application, if approved for an effective date on or after August 1, 2013:

- (i) would cause a Producer who holds an allotment of Continuous Daily Quota equal to or less than 40 kilograms, to have:
 - A. received more than 2,500 Credits by way of Credit Transfers over any rolling 12 month period; or
 - B. received and disposed of Over Production Credits or Under Production Credits such that the aggregate amount of Credits so Transferred over any rolling 12 month period is more than 10% of that Producer's allotment of Continuous Daily Quota;
 - (ii) would cause a Producer who holds an allotment of Continuous Daily Quota greater than 40 kilograms, to have received or disposed of Over Production Credits or Under Production Credits such that the aggregate amount of Credits so Transferred over any rolling 12 month period is more than 10% of that Producer's allotment of Continuous Daily Quota;
- (4) The Board may refuse to approve a Transfer where the Transferor or the Transferee is not in compliance with the B.C. Act, the B.C. Regulation, the Milk Industry Act, other relevant legislation, or orders of the Board.
 - (5) The Board may impose conditions with respect to any approval of a Transfer.
 - (6) The Board may suspend the approval of Transfers for a definite or indefinite period of time.

Transfer of All or Substantially All Continuous Daily Quota

- 23. (1) Any Producer applying to Transfer 60% or more of the Producer's Continuous Daily Quota in any twelve month period, or intending to leave the regulated milk industry, may be required to enter into an agreement with the Board in such form as the Board may from time to time consider appropriate.
- (2) Any Producer intending to leave the regulated milk industry shall give written notice to the Board of the date and time the Producer expects to cease production. Such notice shall be given immediately and:
 - (a) where the Producer is a Certified Organic Producer, not later than 90 days prior to the date the Producer expects to cease production;

- (b) where the Producer is not a Certified Organic Producer, not later than 7 days prior to the date the Producer expects to cease production.

Surrender of Continuous Daily Quota on Transfer

- 24. (1) Subject to subsections (2) and (6), on the first occasion where a Special Allotment of Continuous Daily Quota is Transferred, the Transferor shall surrender to the Board an amount of Continuous Daily Quota equal to the aggregate of:
 - (a) 100% of the amount of all Continuous Daily Quota allotted pursuant to a Special Allotment within one year from the date of the proposed Transfer;
 - (c) 90% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within the second year preceding the date of the proposed Transfer;
 - (d) 80% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within the third year preceding the date of the proposed Transfer;
 - (e) 70% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within the fourth year preceding the date of the proposed Transfer;
 - (f) 60% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within the fifth year preceding the date of the proposed Transfer;
 - (g) 50% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within the sixth year preceding the date of the proposed Transfer;
 - (h) 40% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within the seventh year preceding the date of the proposed Transfer;
 - (i) 30% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within the eighth year preceding the date of the proposed Transfer;
 - (j) 20% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within the ninth year preceding the date of the proposed Transfer;

- (k) 10% of the amount of all Continuous Daily Quota (rounded to the nearest tenth of a kilogram) allotted pursuant to a Special Allotment within, or prior to, the tenth year preceding the date of the proposed Transfer.
- (2) When a Person who has not commenced Deliveries of milk Transfers Continuous Daily Quota registered in that Person's name and allotted to the Transferor other than pursuant to a Special Allotment, such Person shall surrender to the Board an amount of Continuous Daily Quota equivalent to 20% of the amount of Continuous Daily Quota being Transferred (rounded to the nearest tenth of a kilogram).
- (3) Where the interest of a Producer in a partnership is increased, decreased or transferred, a proportionate Transfer of the Continuous Daily Quota deemed to have been allotted to such Producer is deemed to occur.
- (4) Where the direct or indirect interest of an individual in a corporate Producer is increased, decreased or transferred, a proportionate Transfer of the Continuous Daily Quota deemed to have been allotted to such individual is deemed to occur.
- (5) Upon the death of a Producer, the Continuous Daily Quota allotted to that Producer is deemed to have been Transferred to that Producer's executor, administrator or trustee, as the case may be.
- (6) A surrender of Continuous Daily Quota is not required where:
 - (a) Continuous Daily Quota is Transferred to an Relative;
 - (b) Continuous Daily Quota is Transferred by a Person to that Person's brother or sister in circumstances where the entirety of the Continuous Daily Quota so Transferred is held for production by the Transferee at the same dairy farm as was operated by the Transferor immediately prior to such Transfer;
 - (c) the Transfer constitutes a Credit Transfer;
 - (d) a deemed Transfer of Continuous Daily Quota is to partners who are Relatives or siblings or to shareholders who are Relatives or siblings;
 - (e) the amount of Continuous Daily Quota deemed to have been allotted to a Producer having an interest in a partnership remains registered in that Producer's name upon dissolution of the partnership;

- (f) Continuous Daily Quota is Transferred by the executor, administrator or trustee of a deceased Producer to a beneficiary of the deceased Producer.

Deferral or Waiver of Surrender on Deemed Transfer to Executor, Administrator or Trustee

- 25. (1) In the event of a deemed Transfer to a Producer's executor, administrator or trustee, the Board may, in its sole discretion, defer or waive the imposition of a surrender of Continuous Daily Quota if the Board is satisfied that there will be, within a reasonable time frame, a subsequent Transfer of that Continuous Daily Quota from the executor, administrator or trustee which would not be subject to a surrender of Continuous Daily Quota if that subsequent Transfer had been made by the deceased Producer.
- (2) Where the Board has declined to exercise its discretion to defer or waive the imposition of a surrender of Continuous Daily Quota under subsection (1), and there is a subsequent Transfer of Continuous Daily Quota from the executor, administrator or trustee which would not be subject to a surrender of Continuous Daily Quota if that subsequent Transfer had been made by the deceased Producer, the Board may, in its sole discretion, allot to the Transferee an amount of Continuous Daily Quota equivalent to the amount surrendered to the Board on the deemed Transfer to the Producer's executor, administrator or trustee.

Application to Re-Allocate Continuous Daily Quota

- 26. A Producer who operates more than one Dairy Farm may re-allocate the Continuous Daily Quota apportioned by the Board to each such Dairy Farm only upon application to, and with the written approval of, the Board.

PART V - PRODUCTION REQUIREMENTS AND LIMITATIONS

Within Quota and Over Quota Production

27. All milk Delivered by a Producer in excess of that Producer's Monthly Production Entitlement and any available Over Production Credits and Under Production Credits, is for the purposes of determining the price for milk payable to that Producer, over quota production.

Obligation to Produce

28. (1) The Board may cancel all or any part of the Continuous Daily Quota:
- (a) allotted to a Producer who ceases Deliveries of milk for more than 60 calendar days without the written consent of the Board;
 - (b) allotted to a Person who has not commenced Deliveries of milk within 60 calendar days from the date that such Continuous Daily Quota was allotted to such Person;
 - (c) that had been used for the purpose of engaging in Organic Production, but has not continued to be used for the purpose of engaging in Organic Production of the same class, contrary to this Consolidated Order.
- (2) The Board may cancel any licence held by:
- (a) a Producer who ceases Deliveries of milk for more than 60 calendar days without the written consent of the Board; or
 - (b) a Person to whom Quota has been allotted, who has not commenced Deliveries of milk within 60 calendar days from the date that such Quota was allotted to such Person.
- (3) Unless otherwise authorized in writing by the Board, a Producer using Continuous Daily Quota for the purpose of engaging in Conventional Production must continue to use that Continuous Daily Quota for the purpose of engaging in Conventional Production.
- (4) Unless otherwise authorized in writing by the Board, a Producer using Continuous Daily Quota for the purpose of engaging in a class of Organic Production must continue to use that Continuous Daily Quota for the purpose of engaging in that class of Organic Production.

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29. (1) Subject to subsection (2), every Producer must:
- (a) comply with, and be duly registered under, the proAction – Food Safety Program developed by Dairy Farmers of Canada and approved by the Canadian Food Inspection Agency;
 - (b) unless otherwise registered and certified in accordance with paragraph (c) hereof, comply with the applicable on-farm requirements specified in the *Code of Practice for the Care and Handling of Dairy Cattle* published by the Dairy Farmers of Canada and the National Farm Animal Care Council;
 - (c) comply with, and be duly registered under, the proAction – Animal Care Program developed by Dairy Farmers of Canada; and
 - (d) comply with and be duly registered under, the proAction – Livestock Traceability Program developed by Dairy Farmers of Canada.
- (2) New Producers have six months from the date that Deliveries of milk first commence to become registered as required under subsection (1).
- (3) Subject to subsection (5), where the Board has determined that a Producer is non-compliant with subsection (1), then for so long as that Producer is non-compliant, and in any event for a period of not less than the remainder of the month in which the determination was made and the next subsequent month, that Producer is ineligible to:
- (a) receive the Milk Quality Bonus;
 - (b) buy or sell Continuous Daily Quota on the Quota Exchange or otherwise;
 - (c) participate in a Credit Transfer;
 - (d) re-allocate Continuous Daily Quota among dairy farms;
 - (e) receive a temporary producer permit;
 - (f) receive a general allotment of Continuous Daily Quota by the Board;
 - (g) receive incentive days; and
 - (h) relocate and register Continuous Daily Quota to another Dairy Farm.

- (4) In addition to any sanction that may be imposed under the preceding subsection, the Board may, in accordance with Part XIV of the Consolidated Order, suspend or cancel the licence held by, or Continuous Daily Quota allotted to, a Producer who has been determined by the Board to be non-compliant with subsection (1).
- (5) Nothing in this section shall be interpreted as abrogating or limiting the application of Part XIV of the Consolidated Order to any other contravention of this Consolidated Order, the B.C. Act, the B.C. Regulation or other relevant legislation.
- (6) On the application of the affected Producer, the Board may, in its sole discretion, waive any one or more of the sanctions described in subsection (3) where the Board is satisfied that exceptional circumstances justify such a waiver.

Organic Production

30. (1) Subject to subsection (2):
 - (a) Continuous Daily Quota that has been used for the purpose of engaging in Conventional Production must continue to be used for the purpose of engaging in Conventional Production, and cannot be used for the purpose of engaging in Organic Production;
 - (b) Continuous Daily Quota that has been used for the purpose of engaging in Organic Production must continue to be used for the purpose of engaging in Organic Production of the same class, and cannot be used for the purpose of engaging in Organic Production of a different class, or for the purpose of engaging in Conventional Production.
- (2) The Board may approve the re-designation of Continuous Daily Quota as Continuous Daily Quota that may be used for the purpose of engaging in Conventional Production, Organic Production, or Organic Production of a different class, as the case may be, provided that the applicable Producer has made written application to the Board for such re-designation at least six months before the effective date of re-designation as sought by the Producer.
- (3) Where a Certified Organic Producer who produces Organic Production has been decertified:
 - (a) all Continuous Daily Quota that had been used by that Producer for the purpose of engaging in Organic Production shall be immediately suspended, without further order of the Board;

- (b) and the recertification process has not been successfully completed within 120 days from the date of decertification, all Continuous Daily Quota that had been used by that Producer for the purpose of engaging in Organic Production must be offered for sale on the "Organic Production" Quota Exchange.

PART VI - CLASSIFICATION OF MILK

Classification by Utilization

31. All milk received by a Vendor through the Board is classified on the basis of utilization as follows:

Class of Milk	Utilization
1(a)1	Milk sold by a Vendor as milk or milk beverages other than those defined in Class 1(a)2, made of partly skimmed or skimmed milk, whether treated or not for lactose intolerance, flavored or not, with or without vitamins or minerals added, including cultured milk for retail sale or the food services sector.
1(a)2	Milk sold by a Vendor as eggnog, fortified (i.e., dairy protein content exceeding that of an equal volume of fresh milk product with the same butterfat content) Class 1(a)1 products, and all types of dairy beverages constituted of a mixture of fresh milk and fruit and vegetables juices and other products, with a dairy content exceeding 50 percent by weight and a dairy protein content less than 75 percent of the dairy protein contained in an equal volume of milk with the same butterfat content.
1(b)	Milk sold by a Vendor in fresh or fluid form and includes (but is not limited to) the milk portion of any dairy product marketed to consumers as cream in liquid form with a butterfat content not less than 5% for retail and food service and may include 6% cream, 10% cream, 18% cream, whipping cream and all U.H.T. cream.
1(c)	New class 1(a)1 or 1(b) products for retail or food service as approved by the provincial authority and subject to innovation pricing discounts approved by the Western Milk Pool.
1(d)	Milk and cream marketed outside the ten signatory provinces but within the Canadian boundaries, (e.g. Yukon, NWT, Nunavut and cruise ships).
2(a)	Milk utilized in the manufacture of yogurt cultured products including yogurt beverages, Kefir and Lassi, but excluding frozen yogurts.
2(b)	Milk utilized in the manufacture of sour cream, ice cream, ice cream mix (whether frozen or not), all types of milk shake mix, frozen yogurt, other frozen dairy products, meal replacements, "cafeinate", soup bases, fudge, puddings and Indian Sweets.
3(a)	Milk sold to a Vendor and utilized in the manufacture of cheese not otherwise specified in Class 3(b), 3(c) and 3(d), and includes (but is not limited to) cottage cheese, fresh curd and specialty cheese (all as defined by the Board).
3(b)	Milk sold to a Vendor and utilized in the manufacture of cheddar cheese, light cheddar cheese, cheese bases and mixes, cream cheese, and stirred curd.
3(c)	Milk sold to a Vendor and utilized in the manufacture of any type of Mozzarella except when declared in Class 3(d), Asiago, Brick, Canadian Style Munster (Muenster), Colby, Farmer, Feta, Gouda, Havarti, Jack, Monterey Jack, Parmesan or Swiss.
3(d)	Milk sold to a Vendor and utilized in the manufacture of standardized mozzarella cheeses marketed in packages of 2.27 kg or more to be used strictly on fresh pizzas by establishments registered with the Commission under terms and conditions approved by the CMSMC.
4(a)	Milk sold to a Vendor and utilized in the manufacture of all types of butter, butter oil, all types of milk powder and casein, condensed milk used as an ingredient in the non-dairy food industry and all other products not elsewhere stated.
4(a)(i)	Milk components for the manufacture of rennet casein (dry or curd), Milk Protein Concentrate (dry or liquid) or Skim Milk (dry or liquid) to be used in the manufacture of non-standardized final products in the processed cheese category or in weight/muscle gain formulations, meal replacement products, medical and sports recovery drinks and infant food formulations destined for retail sale is subject to national pricing and administration.
4(b)	Milk sold to a Vendor and utilized in the manufacture of concentrated milk.

Class of Milk	Utilization
4(c)	Milk utilized for an unclassified new product (with classification to another sub-class of Qualifying Milk to occur within twelve months of receiving Class 4(c) classification) and subject to innovative pricing discounts approved by the Western Milk Pool.
4(d)	Milk considered as inventory or plant losses.
4(d)(i)	Bulk raw milk or cream transported out of the Province of British Columbia to Alberta, Saskatchewan or Manitoba.
4(m)	Milk used in the manufacture of processed animal feed or otherwise used in a marginal domestic disposal market.
5(a)	Milk means the equivalent volume of milk utilized to manufacture cheese ingredients used for further processing for the domestic and export markets, pursuant to a valid Special Milk Class Permit issued by the Commission.
5(b)	The equivalent volume of milk utilized in the manufacture of all dairy products, other than cheese, used for further processing for the domestic and export markets, pursuant to a valid Special Milk Class Permit issued by the Commission.
5(c)	The equivalent volume of milk utilized in the confectionery sector, pursuant to a valid Special Milk Class Permit issued by the Commission.
5(d)	The equivalent volume of milk utilized in the manufacture of dairy products for export outside Canada, pursuant to a valid Special Milk Class Permit by the Commission.

PART VII - ALLOCATION OF MILK SUPPLY AMONG VENDORS

Traditional Allocation of MSQ

32. (1) Subject to subsections (2), (3), (4) and (5), the Board will allocate among Dairy Plants operated by licensed Vendors up to 90% of the provincial allocation of Provincial Manufactured Milk Quota and Federal Manufactured Milk Quota (collectively, "MSQ") as traditional allocations, provided nevertheless that first priority shall be given to the demand for Class 1 milk, Class 2 milk, and that part of Class 3 milk required for the manufacture of cottage cheese or cream cheese.
- (2) MSQ allocated by the Board as a traditional allocation shall be allocated to a Dairy Plant on a weekly basis and expressed as a volume per week.
- (3) The MSQ not allocated among Dairy Plants as a traditional allocation shall be reserved to a discretionary milk pool which:
- (a) when initially established, shall not be less than 10% of the MSQ;
 - (b) shall include all over-quota milk and any part of a traditional allocation to a Dairy Plant that is not received and processed by that Dairy Plant; and
 - (c) may be utilized to address seasonal or production irregularities, or to establish new growth opportunities for existing and future Dairy Plants.
- (4) MSQ allocated by the Board as a traditional allocation:
- (a) shall be allocated as a specified Class or Classes of milk;
 - (b) shall be allocated to a specified Dairy Plant operated by a Vendor;
 - (c) is contingent upon the undertaking and ability of the receiving Vendor to maintain processing capacity sufficient for the volume of milk so allocated, together with:
 - (i) a reasonable volume of milk in excess of that allocation; and
 - (ii) a reasonable volume of over quota milk;
 - (d) excludes MSQ associated with the Domestic Dairy Product Innovation Program;

- (e) excludes Organic Production produced by a Certified Organic Producer who has a contract with a Vendor for the supply of such Organic Production, to the extent only of that specified quantity of Organic Production which is the subject of that contract; and
 - (f) excludes Organic Production produced by a Certified Organic Producer who has been approved by the Board for the production of Organic Production for delivery to a Pool Participant Vendor as determined by the Board having regard to the Pool Participant Vendor's planned annual forecast of milk requirements as provided to the Board.
- (5) In allocating MSQ as traditional allocations, the Board will have regard to:
- (a) the baseline traditional allocation for each Dairy Plant which:
 - (i) in the case of existing Dairy Plants in British Columbia, shall be determined having regard to the volume of milk received and processed by each such Dairy Plant in the highest volume Dairy Year between August 1, 2000 and July 31, 2005 for that Dairy Plant;
 - (ii) in the case of new Dairy Plants established in British Columbia, shall be determined having regard to the volume of milk received and processed by each such Dairy Plant in the highest volume Dairy Year during the first three years of operation;
 - (b) the volume of milk received and processed by each Dairy Plant in British Columbia in Dairy Years subsequent to the Dairy Year in which such Dairy Plant's baseline traditional allocation was established;
 - (c) increases to the provincial allocation of Federal Manufactured Milk Quota, which shall first be applied to replenish the discretionary milk pool until such time as it is equal to 10% of the MSQ;
 - (d) decreases to the provincial allocation of Federal Manufactured Milk Quota, which shall be reflected in:
 - (i) a proportionate reduction to all traditional allocations where the discretionary milk pool is less than 10% of the MSQ; or
 - (ii) a proportionate reduction to all traditional allocations and to the discretionary milk pool where the discretionary milk pool is equal to or greater than 10% of the MSQ;

- (e) any traditional allocation of MSQ made by the Board to a Dairy Plant operated by a Related Vendor;
- (f) any default by a Vendor with respect to the obligations of that Vendor to make payment to the Board for litres of milk and butterfat content received from Producers, or on account of levies imposed by the Board, as required under this Consolidated Order, which default has remained uncured for more than 45 days following the delivery of a written notice of default and demand for rectification; and
- (g) the principle that any traditional allocation of milk supply among Dairy Plants should promote the objective of enhancing or maintaining industry stability, having regard to the interests of all industry participants.

Proportionate Reduction of Traditional Allocations

33. Where there is insufficient milk production to satisfy traditional allocations made to Dairy Plants, each traditional allocation made to a Dairy Plant shall be proportionately reduced so as to ensure that first priority can continue to be given to the demand for Class 1 milk, Class 2 milk, and that part of Class 3 milk required for the manufacture of cottage cheese or cream cheese.

Surrender of Traditional Allocations

34. (1) Every traditional allocation made to a Dairy Plant that is ceasing operations shall be surrendered to the discretionary milk pool unless the Board otherwise approves an application, made to it by the Vendor that had operated that Dairy Plant, for an order permitting the associated traditional allocation to be moved to another Dairy Plant operated by that Vendor in British Columbia, which order shall not be unreasonably denied.
- (2) Any part of a traditional allocation that is made to a Dairy Plant but not received and processed by that Dairy Plant shall be surrendered to the discretionary milk pool in the Dairy Year in which that part of the traditional allocation was not received and processed.
- (3) Any part of a traditional allocation that is made to a Dairy Plant but not received and processed by that Dairy Plant for two consecutive years shall be surrendered to the discretionary milk pool and that Dairy Plant's traditional allocation shall be reduced accordingly.

Variation of Traditional Allocation

35. (1) A Vendor may apply to the Board for a variation of a traditional allocation made by the Board to a Dairy Plant operated by that Vendor.
- (2) Without limited the generality of subsection (1), a Vendor may apply to the Board for a temporary variation of a traditional allocation as may be required to accommodate routine maintenance or other short-term disruption to the processing capacity of a Dairy Plant operated by that Vendor, provided that such application is made at least one month prior to the anticipated short-term disruption.

Utilization of Discretionary Milk Pool

36. (1) Vendors establishing new Dairy Plants in British Columbia may make a written application to the Board to receive and process a volume of milk available from the discretionary milk pool, provided that such application is made at least two months prior to the anticipated need for such milk.
- (2) Dairy Plants with traditional allocations may make a written application to the Board to receive and process a volume of milk available from the discretionary milk pool, provided that such application sufficiently demonstrates a need for milk in addition to that available under the traditional allocation.
- (3) Where a Dairy Plant with a traditional allocation has demonstrated sustained growth for a consecutive two-year period, the Board may, in its sole discretion, increase that Dairy Plant's traditional allocation from milk available from the discretionary milk pool.

Organic Production Commitments

37. Vendors may make a written application to the Board to receive and process a volume of Organic Production, provided that such application commits the Vendor to receive that volume, subject to availability, for a rolling period of three months.

PART VIII - PRICES AND PAYMENT

Prices to be Established and Published

38. The Board will, on or before the last day of each month, establish and publish in Schedule 6 to this Consolidated Order the following month's prices to be paid by Pool Participant Vendors to the Board, on behalf of Pool Participant Producers, for milk utilized in each class.

Within-Class End-Use Price Adjustment

39. The prices published in Schedule 6 to this Consolidated Order are subject to the Within-Class End-Use Price Adjustments calculated by the Board.

Advance Payment to be Made by Pool Participant Vendors

40. (1) On the last Business Day of each month, each Pool Participant Vendor who has received milk from Pool Participant Producers, through the Board, shall make an advance payment to the Board, on behalf of Pool Participant Producers, for litres of milk and butterfat content received from such Pool Participant Producers during the first 15 days of that month. The minimum advance payment shall be that which is set out in Schedule 6 to this Consolidated Order as adjusted, if applicable. The minimum advance payment is payable without deduction, set-off or abatement for any reason whatsoever.
- (2) Each Pool Participant Vendor shall pay to the Board interest, on any part of a minimum advance payment which is past due, at the rate of 24% per annum.

Final Monthly Settlement to be Made by Pool Participant Vendors

41. (1) All Vendors operating under:
- (a) a Class "A" Vendor Licence and a Class "A-FED" Vendor Licence;
 - (b) a Class "B" Vendor Licence;
- shall report to the Board each month, in the prescribed form, details of the following:
- (c) the quantity of milk received (expressed in litres) and the quantity of butterfat in such milk (expressed in kilograms) based upon component test results certified by an accredited laboratory;

- (d) the quantity of milk (expressed in litres) and the quantity of butterfat (expressed in kilograms) received from other Vendors;
 - (e) the quantity of milk (expressed in litres) and the quantity of butterfat (expressed in kilograms) used in Classes 1, 2, 3, 4, 5 and 7; and
 - (f) the quantity of milk (expressed in litres) and the quantity of butterfat (expressed in kilograms) transferred to other Pool Participant Vendors.
- (2) The Board will calculate the kilograms of protein and the kilograms of other solids for each category described in subsection (1) relative to the litres of milk and kilograms of butterfat reported by a Pool Participant Vendor.
- (3) The Board will calculate the final monthly settlement due from a Pool Participant Vendor to the Board, on behalf of Pool Participant Producers, using the information provided under subsection (1), adjusted as necessary to correct for reporting errors disclosed by audit verification of the Pool Participant Vendor's reports, order change and disruption surcharges, and the results of the calculation described in subsection (2), as follows:
- (a) the butterfat amount (determined by multiplying the kilograms of butterfat processed by that Pool Participant Vendor in each class, by the applicable butterfat price published in Schedule 6 herein);
 - (b) the protein amount (determined by multiplying the kilograms of protein processed by that Pool Participant Vendor in each class, by the applicable protein price published in Schedule 6 herein as adjusted, if applicable);
 - (c) the other solids amount (determined by multiplying the kilograms of other solids processed by that Pool Participant Vendor in each class, by the applicable other solids price published in Schedule 6 herein);
- (4) Each month, the Board will charge to each Pool Participant Vendor, on behalf of Pool Participant Producers, the final monthly settlement due from that Pool Participant Vendor to the Board, on behalf of Pool Participant Producers, in accordance with subsection (3). The final monthly settlement for litres of milk and butterfat content received by a Pool Participant Vendor during a month is due on the 12th Business Day after the end of that month. The final monthly settlement is payable without deduction, set-off or abatement for any reason whatsoever.
- (5) Each Pool Participant Vendor shall pay to the Board interest, on any part of a final monthly settlement which is past due, at the rate of 24% per annum.

Price Premiums

42. (1) Where a Pool Participant Vendor receives:
- (a) Organic Production from a Certified Organic Producer;
 - (b) Naturally Enriched Essential Fatty Acids Milk;
 - (c) Vita D Milk; or
 - (d) Grass Fed Milk;

or any combination thereof, the Pool Participant Vendor shall, on or before the 12th business day after the end of each month, pay to the Board a minimum, cumulative premium equal to the aggregate of:

- (e) \$0.30 for each litre of Organic Production determined by the Board to be within quota production and received by the Pool Participant Vendor from that Certified Organic Producer during the previous month;
- (f) \$0.04 for each litre of Naturally Enriched Essential Fatty Acids Milk determined by the Board to be within quota production and received by the Pool Participant Vendor during the previous month;
- (g) \$0.04 for each litre of Vita D Milk determined by the Board to be within quota production and received by the Pool Participant Vendor during the previous month;
- (h) \$0.05 for each litre of Organic Grass Fed Milk determined by the Board to be within quota production and received by the Pool Participant Vendor during the previous month, which is to be paid in addition to the premium specified in paragraph (e); and
- (i) \$0.10 for each litre of Conventional Grass Fed Milk determined by the Board to be within quota production and received by the Pool Participant Vendor during the previous month.

- (2) Where Organic Production is not received by any Pool Participant Vendor in accordance with a Pool Participant Vendor's planned annual forecast of milk requirements as provided to the Board, that Pool Participant Vendor shall pay to the Board the applicable premium on 95% of the milk so shipped and not received by that Pool Participant Vendor.
- (3) The premiums payable by a Pool Participant Vendor under subsection (1) are in addition to any amounts due by that Pool Participant Vendor to the Board under section 41.
- (4) The premiums payable by a Pool Participant Vendor under paragraph (1)(a) will be reviewed by the British Columbia Specialty Production Advisory Committee which may make substantiated recommendations to the Board for revision to the amounts of those premiums. Any revision to the premiums may only be made by the Board effective August 1 and February 1 of any year.
- (5) The premiums collected by the Board on Organic Production, Naturally Enriched Essential Fatty Acids Milk, or Vita D Milk, as the case may be, will be paid to the applicable Producers based on the within quota volume of such milk shipped.

Notification to Board

43. (1) Every Certified Organic Producer who produces Organic Production must immediately notify the Board of any decertification, or interruption or inability to produce Organic Production.
- (2) Every Producer who produces Naturally Enriched Essential Fatty Acids Milk must immediately notify the Board of any interruption or inability to produce Naturally Enriched Essential Fatty Acids Milk.
- (3) Every Producer who produces Vita D Milk must immediately notify the Board of any interruption or inability to produce Vita D Milk.
- (4) Every Producer who produces Grass Fed Milk must immediately notify the Board of any interruption or inability to produce Grass Fed Milk.
- (5) Where a Producer has failed to notify the Board as required under subsections (1), (2), (3) or (4):
 - (a) The Board may deduct from any future payment due to that Producer the amount of any premiums improperly paid by Pool Participant Vendors;

- (b) The Board may suspend payment of any future premiums that may be due to that Producer for a specified or unspecified time;
- (c) The Board may impose terms and conditions with respect to the production, transportation, packing, storage or marketing of milk by that Producer and may suspend or cancel the licence held by, or quota allotted to, that Producer;
- (d) The Board may set and collect a charge or series of charges against that Producer to recover the expenses incurred by the Board in connection with the imposition of terms and conditions with respect to the production, transportation, packing, storage or marketing of milk, and/or the suspension or cancellation of the licence held by, or quota allotted to, that Producer.

No Warrantee or Representation by Board

44. (1) No warrantee or representation is made by the Board with respect to milk received by a Pool Participant Vendor in furtherance of a request for Organic Production, except that:
- (a) Each Producer from whom such milk has been sourced has represented that the milk is Organic Production from a Certified Organic Producer; and
 - (b) At the time of shipment, the Board has not received notification of any decertification, or interruption or inability to produce Organic Production by any such Producer.
- (2) No warrantee or representation is made by the Board with respect to milk received by a Pool Participant Vendor in furtherance of a request for Naturally Enriched Essential Fatty Acids Milk, except that:
- (a) Each Producer from whom such milk has been sourced has represented that the milk is Naturally Enriched Essential Fatty Acids Milk; and
 - (b) At the time of shipment, the Board has not received notification of any interruption or inability to produce Naturally Enriched Essential Fatty Acids Milk by any such Producer.
- (3) No warrantee or representation is made by the Board with respect to milk received by a Pool Participant Vendor in furtherance of a request for Vita D Milk, except that:

- (a) Each Producer from whom such milk has been sourced has represented that the milk is Vita D Milk; and
 - (b) At the time of shipment, the Board has not received notification of any interruption or inability to produce Vita D Milk by any such Producer.
- (3) No warrantee or representation is made by the Board with respect to milk received by a Pool Participant Vendor in furtherance of a request for Grass Fed Milk, except that:
- (a) Each Producer from whom such milk has been sourced has represented that the milk is Grass Fed Milk; and
 - (b) At the time of shipment, the Board has not received notification of any interruption or inability to produce Grass Fed Milk by any such Producer.

Withholdings and Deductions by Pool Participant Vendors

45. (1) Where a Pool Participant Vendor has received milk from Pool Participant Producers, through the Board, and that Pool Participant Vendor has reason to believe that the milk is not Qualifying Milk or is otherwise unsuitable for any processing purpose, and the Pool Participant Vendor has not yet processed that suspect milk, the Pool Participant Vendor may withhold from the advance payment to be made to the Board in accordance with section 40, an amount equal to the advance payment that would otherwise be due on the suspect milk, for a period not exceeding 30 Business Days (the "Withholding Period").
- (2) If, within the Withholding Period:
- (a) a qualified laboratory determines that the suspect milk is not Qualifying Milk and the Pool Participant Vendor has not yet processed that milk; or
 - (b) an independent third-party expert acceptable to the Board determines that the suspect milk is unsuitable for any processing purpose and the Pool Participant Vendor has not yet processed that milk;

an amount equal to the advance payment that would otherwise be due on that non-qualifying or unsuitable milk may be deducted by the Pool Participant Vendor from the advance payment to be made to the Board in accordance with section 40. Furthermore, in that event, no final monthly settlement is due with respect to that non-qualifying or unsuitable milk only.

- (3) If, within the Withholding Period:
- (a) no determination is made by a qualified laboratory that the suspect milk is not Qualifying Milk, and no determination is made by an independent third-party that the suspect milk is unsuitable for any processing purpose; or
 - (b) the Pool Participant Vendor otherwise processes the suspect milk;

the Pool Participant Vendor is obliged to make payment for that milk in the next final monthly settlement to be made to the Board in accordance with section 41. Where payment is so made, it shall be without prejudice to any rights that the Pool Participant Vendor might have against a Producer, a bulk milk tank grader, a Vendor, or any other person licensed under the Milk Industry Act.

Civil Claims Arising from Alleged Non-Compliance with the Milk Industry Act

46. (1) Where a Producer or Vendor claims to have suffered a loss as a consequence of an alleged act or omission by a Producer, a bulk milk tank grader, a Vendor, or any other person licensed under the Milk Industry Act, the claimant(s) and the respondent(s) may request that the Board provide information to facilitate a civil claim or defence in a court of competent jurisdiction concerning the alleged non-compliance, including:
- (a) the identity of the shipping Producer(s);
 - (b) the volumes of milk shipped from the Producer(s);
 - (c) the dates on which milk was picked-up, transported and received;
 - (d) the identity of the transporter(s) delivering the milk;
 - (e) the identity of the Vendor(s) receiving the milk;
 - (f) the volume of milk processed by the Vendor(s) and the nature of the processed products;
 - (g) copies on any test results that the Board may have concerning the milk shipped from Producer;
 - (h) whether the Producer has received payment for the milk shipped and, if so, the amount of the payment so received;

- (2) Obligations and requirements under the Consolidated Order are not suspended, limited or abrogated in any way whatsoever by reason of the existence of any claim arising in connection with any alleged non-compliance with the Milk Industry Act, or otherwise.

PART IX - EQUALIZATION OF RETURNS

Principles of Equalization

47. (1) Each Pool Participant Producer shall be deemed to market within quota production in each class in the same proportion that the total sales by all Pool Participant Vendors of milk in each class bears to the volume of milk received by them from all Pool Participant Producers.
- (2) The “within Continuous Daily Quota pool - butterfat rate” is fixed as one rate for all milk such that each Pool Participant Producer will receive from the within Continuous Daily Quota Pool the same return for equal quantities of butterfat from milk.
- (3) The “within Continuous Daily Quota pool - protein rate” is fixed as one rate for milk such that each Pool Participant Producer will receive the same return for equal quantities of protein from milk.
- (4) The “within Continuous Daily Quota pool - other solids rate” is fixed as one rate for milk such that each Pool Participant Producer will receive the same return for equal quantities of other solids from milk.
- (5) No Producer shall receive a return on any over quota production.
- (6) Each Producer shall be subject to a charge of 50% of the current month’s component prices calculated against that Producer’s volume of over quota production, if any. The Board may waive such charges where aggregate production in the preceding month is below 100% of the aggregate permitted volume according to the Commission’s statistics.

Minimum Pool Participant Producer Rates of Return to be Published

48. The Board will calculate and publish by the 13th business day after the end of each month the minimum rate per kilogram for butterfat, protein and other solids that shall be received by a Pool Participant Producer for such components Delivered by that Pool Participant Producer, through the Board, to Pool Participant Vendors, as follows:
- (a) the minimum “within Continuous Daily Quota pool - butterfat rate” for each kilogram of butterfat;
- (b) the minimum “within Continuous Daily Quota pool - protein rate” for each kilogram of protein;
- (c) the minimum “within Continuous Daily Quota pool - other solids rate” for each kilogram of other solids; and

Determination of Value of within Continuous Daily Quota pool

49. (1) The gross dollar value of the within Continuous Daily Quota pool is the aggregate of:
- (a) the kilograms of within quota butterfat reported by Pool Participant Vendors under subsection 41(1), multiplied by the applicable prices published in Schedule 6 herein;
 - (b) the kilograms of within quota protein calculated in accordance with subsection 41(2), multiplied by the appropriate prices published in Schedule 6 herein; and
 - (c) the kilograms of within quota other solids calculated in accordance with subsection 41(2), multiplied by the appropriate prices published in Schedule 6 herein.
- (2) The Board may adjust the gross dollar value calculated in accordance with subsection (1). Such adjustments may reflect:
- (a) charges incurred by the Board from time to time related to cost sharing agreements with the Commission and other provinces;
 - (b) costs incurred by the Board from time to time for milk testing and PLR services;
 - (c) approved freight charges and approved delivery surcharges for milk transported within British Columbia;
 - (d) agreed freight charges for milk transported between British Columbia, Alberta, Saskatchewan and Manitoba;
 - (e) interest earned on the Producer equalization pool bank account; and
 - (f) audit adjustments to a prior month's Producer pool.
- (3) The Board may apply a credit to the within Continuous Daily Quota pool, such credit to be calculated by subtracting the gross dollar value of butterfat, protein and other solids in the within Continuous Daily Quota pool calculated in accordance with paragraphs (1)(a), (b) and (c) respectively, from the total dollars charged to Pool Participant Vendors for the kilograms of butterfat, protein and other solids.

PART X - DISTRIBUTION OF EQUALIZED RETURNS

Distribution of Equalized Returns to Pool Participant Producers

50. (1) On the 1st Business Day of each month, the Board will make an advance payment to Pool Participant Producers for litres of milk and butterfat content Delivered by such Pool Participant Producers during the first 15 days of the previous month. The minimum advance payment shall be that which is set out in Schedule 6 to this Consolidated Order, less any amount that may be deducted by the Board, in its sole discretion, on account of levies and charges assessed against that Pool Participant Producer by this Consolidated Order. The Board may nevertheless suspend the making of any advance payment to any Pool Participant Producer as the Board may, in its sole discretion, deem appropriate.
- (2) Subject to subsections (3) and (4), the Board will, on the 13th Business Day of each month, distribute equalized returns to Pool Participant Producers on account of milk Delivered by those Pool Participant Producers, through the Board, to Pool Participant Vendors during the previous month, as follows:
- (a) at not less than the minimum “within Continuous Daily Quota pool - butterfat rate” for each kilogram of butterfat Delivered;
 - (b) at not less than the minimum “within Continuous Daily Quota pool - protein rate” for each kilogram of protein Delivered; and
 - (c) at not less than the “within Continuous Daily Quota pool - other solids rate” for each kilogram of other solids Delivered.
- (3) Before distributing equalized returns to Pool Participant Producers, the Board will deduct from the amount of each Pool Participant Producer’s equalized return:
- (a) the amount of the advance payment made to that Pool Participant Producer, if any;
 - (b) the amount of levies and charges assessed against that Pool Participant Producer by this Consolidated Order;
 - (c) the licence fee due and owing by that Pool Participant Producer, if any;

- (d) that Pool Participant Producer's proportionate share of the aggregate costs relating to the transportation of milk (including the aggregate amount payable to Producers on account of the accessibility credit and volume credits), as determined by the Board after having regard to:
 - (i) the aggregate amount collected by the Board on account of that part of the marketing costs and losses levy imposed by the Board on Producers relating to:
 - A. the cost of each occasion that a Transporter attends at a Producer's Dairy Farm to receive milk into a tank milk truck; and
 - B. the milk or cream Delivered by a Producer in excess of 100% of that Producer's within quota production as determined by the Board;
 - (ii) the number of hectolitres of milk or cream Delivered by that Pool Participant Producer in relation to the total number of hectolitres of milk or cream Delivered by all Pool Participant Producers; and
 - (iii) the credits, if any, which that Pool Participant Producer is eligible to receive, as follows:
 - A. an accessibility credit of \$0.15 per hectolitre, where the Board has determined that the Pool Participant Producer's yard is easily accessible by a milk tanker in a B-train configuration, throughout the year and in all weather conditions, either by way of a circular turnaround, an adequate drive-through, or a yard in which a milk tanker in B-train configuration can be turned around by means of a three-point turn;
 - B. a volume credit of \$0.15 per hectolitre, where the volume of such milk or cream produced in the month by that Pool Participant Producer is equal to or greater than 100,000 litres; and
 - C. an additional volume credit of \$0.15 per hectolitre, where the volume of such milk or cream produced in the month by that Pool Participant Producer is equal to or greater than 200,000 litres;

- (e) the fee remitted by Pool Participant Vendors to the Board on behalf of that Pool Participant Producer pursuant to the *Milk Industry Standards Regulation* made under the *Milk Industry Act*.
- (4) In the event that the amount of the deduction provided for in subsection (3) is greater than the total amount of that Pool Participant Producer's equalized return, the outstanding amount of the deduction may be carried forward against subsequent equalized returns.

Payment of Milk Quality Bonus to Qualifying Pool Participant Producers

- 51. (1) On the 13th Business Day of each month, the Board will pay a milk quality bonus to qualifying Pool Participant Producers.
- (2) To qualify for the milk quality bonus:
 - (a) a Pool Participant Producer must be registered with, and duly certified under, the Canadian Quality Milk On-Farm Food Safety Program developed by Dairy Farmers of Canada and approved by the Canadian Food Inspection Agency; and
 - (b) the Pool Participant Producer's milk received by Pool Participant Vendors through the Board during the previous month must:
 - (i) have a somatic cell count equal to or less than 250,000 cells per millilitre;
 - (ii) have an individual bacteria count equal to or less than 30,000 per millilitre;
 - (iii) not contain an inhibitor; and
 - (iv) not have been diluted by the addition of water in excess of 0.525 Hortvet (3.7% dilution).

Statements

- 52. When distributing equalized returns to Pool Participant Producers, the Board will provide each such Pool Participant Producer with a statement showing in detail:
 - (a) the total volume, expressed in litres, of all milk eligible for the within Continuous Daily Quota pool and Delivered by that Pool Participant Producer during the month for which payment is made;

- (b) the total kilograms of butterfat, protein and other solids eligible for the within Continuous Daily Quota pool and contained in the milk Delivered by that Pool Participant Producer during the month for which payment is made;
- (c) the rate paid and the amount of the payment for each kilogram of butterfat, protein and other solids described in subsection (b);
- (d) the total volume, expressed in litres, of all over quota milk Delivered by that Pool Participant Producer during the month for which payment is made;
- (e) the total kilograms of over quota butterfat, protein and other solids contained in the milk Delivered by that Pool Participant Producer during the month for which payment is made;
- (f) the charges levied against each kilogram of butterfat, protein and other solids described in subsection (e);
- (g) detailed accounting in respect of milk which has been found not to be milk;
- (h) all authorized or required deductions, fully itemized.

PART XI – LEVIES AND CHARGES

Producer Levies and Charges

53. Levies and charges are fixed and imposed on each Producer as set out in Schedule 7, irrespective of whether any such Producer has been allotted Continuous Daily Quota or is the holder of a Valid Licence.

Vendor Levies and Charges

54. (1) Levies and charges are fixed and imposed on each Vendor as set out in Schedule 7. Such levies and charges are due and payable to the Board on the 12th Business Day of each month, and shall thereafter bear interest at the rate of 24% per annum.
- (2) On each occasion that a Vendor cancels a requested Delivery of milk on less than three Business Days' notice to the Board, an order change surcharge of \$350.00 will be imposed upon that Vendor.
- (3) For the purpose of subsection (2), a Vendor may request a volume of milk on a specified day provided that such request is made at least three Business Days before the requested Delivery date, but the Board will determine, in consultation with the Vendor, the time of day that such milk will be Delivered.
- (4) On each occasion that a Vendor requests a Delivery of Organic Production without qualifying that the request is subject to reasonable variation with respect to volume and delivery days, an order surcharge of \$250.00 will be imposed upon that Vendor. The Board may, in its discretion, waive the order surcharge for a period of up to 12 months where the Vendor is requesting a Delivery of Organic Production for the purpose of developing new products.
- (5) Subject to subsection (6), and without otherwise abrogating or limiting the responsibilities of any Vendor with respect to milk:
- (a) where an inspector appointed by the Board has determined that a Producer had failed to comply with an applicable on-farm requirement specified in the *Code of Practice for the Care and Handling of Dairy Cattle*, or where there is a suspicion of animal cruelty in connection with that Producer's Dairy Farm; and

- (b) that Producer, after having rectified any such non-compliance to the satisfaction of an independent expert consultant retained by the Board in accordance with the *Animal Welfare Non-Compliance Guidelines* established by the Board, and after having addressed any such suspected animal cruelty to the satisfaction of an independent expert consultant retained by the Board, subsequently contributes to a requested Delivery of milk; and
- (c) a Vendor who, one business day thereafter, has refused to receive that requested Delivery of milk as directed by the Board;

an order refusal surcharge may be imposed upon that Vendor on the occasion of each such refusal in an amount equal to the current month's Class 4(d) price multiplied by the number of hectolitres of milk so refused.

- (6) On its own initiative, or at the request of a Vendor, the Board may waive all or any part of the order refusal surcharge referred to in subsection (5) provided that the Board is satisfied, in its sole discretion, that circumstances justify such a waiver. When exercising its discretion, the Board will have regard to, among other things, the extent to which the Vendor's current ability to receive, use and market milk originating from that Producer is reasonably affected by that Producer's past failure to comply with the *Code of Practice for the Care and Handling of Dairy Cattle*, and/or that Producer's past suspected animal cruelty.

Receipt of Levies Under the Federal Regulations

- 55. The Board may receive levies fixed and imposed under the Federal Regulations as agent for the Commission and may retain such proportion of those levies for the administration of the Board as may be agreed between the Board and the Commission.

PART XII - REPORTING AND INSPECTION

Vendor Reporting to Board

56. (1) Every Vendor shall, on or before 4:00 pm on the 5th Business Day of each month, provide the Board with a true and detailed report of the total milk receipts and total utilization by classes of milk (including the end use within each class) during the immediately preceding month, in such form as the Board may from time to time prescribe.
- (2) Every Vendor shall authorize and cause its contracting laboratory to provide directly to the Board, on a monthly basis, a report detailing the results of milk component tests conducted four times monthly.
- (3) Where a Vendor fails to report as required under subsection (1):
- (a) The Board may impose against that Vendor an administrative charge in the amount of \$250.00 for the first default, and an administrative charge in the amount of \$500.00 for every subsequent default; and
- (b) The Board may declare the total milk received by that Vendor in the month in which the default has occurred as Class 1(a)1 and 1(a)2 for fluid milk, and/or as the highest utilization class for industrial milk, as the case may be. At the discretion of the Board, the Vendor may make adjustments in the following month to rectify the reporting as declared by the Board.

Vendor Records to be Available for Inspection

57. (1) Vendors shall keep such books, records, and accounts, as will afford an intelligent understanding of the conduct of their business, in a form and containing particulars as the Board may from time to time prescribe.
- (2) All books, records, and accounts required to be kept under subsection (1) must at all times be available for inspection by the Board, or any officer or auditor of the Board, or any other Person as may be authorized by the Board from time to time to make an inquiry or report.
- (3) Every Vendor shall retain and have available for inspection by the Board all original records, whether contained in books or accounts or otherwise, for a period of three years.

Licensees to Provide Information and Permit Inspection

58. (1) Every Person licensed by the Board shall, upon request, provide the Board with any information relating to the production, processing, storing, transporting, and marketing by that Person of the regulated product, and shall make specific answers to any questions submitted to that Person by any member or employee of the Board for that purpose, and shall permit any member or employee of the Board to search vehicles in which the regulated product is transported.
- (2) Without limiting the generality of subsection (1), every Certified Organic Producer must provide the Board with proof of valid and subsisting certification pursuant to the *Agri-Food Choice and Quality Act*, S.B.C. 2000, c. 20 and the *Organic Agricultural Products Certificate Regulation*, B.C. Reg. 200/93 or such other standard and regulation approved by the Board certifying that the Producer meets the standards applicable to organic farming.

Inspection of Producer's Premises

59. Every Producer shall permit any member or employee of the Board or any Person designated by the Board to inspect the Dairy Farm or other premises of the Producer for the purposes of determining whether or not there has been compliance with the *Milk Industry Act*, the B.C. Act, the B.C. Regulation or orders of the Board.

PART XIII - PROHIBITIONS

Producer or Producer Vendor

60. (1) No Producer or Producer Vendor shall produce milk for:
- (a) processing or manufacture into a fluid milk product;
 - (b) processing or manufacture into a manufactured milk product;
- unless the Producer or Producer Vendor:
- (c) is the holder of a Valid Licence issued by the Board; and
 - (d) has, if required in accordance with this Consolidated Order, an allotment of Continuous Daily Quota.
- (2) No Producer or Producer Vendor shall sell, ship for sale or offer for sale any milk except through the Board; and
- (3) No Producer or Producer Vendor shall by any means separate butterfat from any milk produced on the farm for the purpose, or having the effect, of reducing or affecting that Producer's or Producer Vendor's recorded or recordable butterfat production.

Vendor

61. (1) No Vendor shall buy or offer to buy milk from a Producer except through the Board.
- (2) No Vendor shall by any means separate or remove protein from fluid milk.

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PART XIV - COMPLIANCE

Suspension or Cancellation

62. (1) In addition to any other remedies available to the Board in respect of a contravention of this Consolidated Order, the B.C. Act, the B.C. Regulation or other relevant legislation, the Board may suspend or cancel the licence held by, or Continuous Daily Quota allotted to, a Person determined by the Board to be in contravention.
- (2) Where a licence has been suspended for a definite period for a contravention and that contravention has not been rectified within the period of suspension and the contravention continues, the Board may forthwith cancel the licence.
- (3) A Producer whose licence has been suspended may not make Deliveries of milk during the period of suspension.

Hearings

63. (1) Where the Board decides on a contravention, it shall so advise the Person directly affected by such decision as soon thereafter as is practicable, and may, at the discretion of the Board, provide that Person with an opportunity to show cause as to why the decision should be reconsidered by the Board.
- (2) A show cause hearing may be held in person, or by way of the receipt of written submissions from the Person directly affected by the decision, or in such other manner as the Board, in its discretion, deems advisable.

Board May Review, Vary or Rescind Decision

64. The Board may review, vary or rescind any decision or order made by it.

Seizure

65. (1) In addition to any other remedies available to the Board in respect of a contravention, the Board may cause a duly authorized representative of the Board to seize any regulated product produced, transported, packed, stored, or marketed in violation of orders of the Board, the B.C. Act, the B.C. Regulation, the *Milk Industry Act*, or other relevant legislation, and such employee or representative may take and remove the whole of the regulated product seized by him or a sample thereof and deliver it to the Board.

- (2) Upon seizing any regulated product, the employee or representative of the Board authorized so to do shall attach a seizure tag on, at, or near the location of the regulated product so seized and shall deliver a notice of such seizure in writing in such form as the Board may prescribe to any adult Person in, upon, or about the premises where the same is found or to any adult Person who appears at the time of the seizure to be in charge of any place, premises, or vehicle in, on, about, or near which the regulated product is found.
- (3) The owner of any regulated product seized pursuant to this Consolidated Order may, within ten days after the seizure, apply to the Board by notice in writing for a hearing to show cause why the regulated product so seized should not be disposed of by the Board. Upon receipt of the notice a hearing shall be arranged at the convenience of the Board. The regulated product so seized shall not be disposed of until the hearing has been completed and then only by order of the Board. If notice requesting a hearing has been received, then upon the owner having been heard, or if no notice has been received within the time limit aforesaid, the Board may dispose of the regulated product as it sees fit by sale or otherwise, or the Board may, if in its opinion the offence was committed through inadvertence, return the regulated product so seized to the owner or order it to be sold for the account of the owner.
- (4) Any regulated product so seized may be sold by the Board and the Board may charge and collect out of the proceeds of the sale the cost of processing, packing, storing, and marketing, after having deducted any levies or expenses of the Board arising out of or relating to the seizure and sale of such regulated product. The balance, if any, shall be paid to the Person from whom the regulated product was seized.
- (5) Any of the regulated product so seized may be placed in storage or processed and placed in storage in such a manner as to prevent spoilage arising out of the seizure. The cost of the processing and storage shall be deducted from the proceeds or paid by the owner of the regulated product as the Board may direct.
- (6) Without the written authority of the Board, no Person other than a duly authorized employee or representative of the Board shall move, destroy, sell or offer for sale any regulated product on which there has been placed a seizure tag or with respect to which a notice of seizure has been delivered.

PART XV - COMMITTEES

Appointment of Advisory Committees

66. (1) The Board may appoint advisory committees whose function shall be to advise and make non-binding recommendations to the Board on matters relating to the operation and administration of this Consolidated Order or of matters relating to the objectives and functions of the Board. The Board may also terminate appointments to such advisory committees and disband such advisory committees where it deems it appropriate.
- (2) The Board may determine the structure of such advisory committees, establish the terms of reference under which such advisory committees shall operate, and provide for payment of the expenses of members of such advisory committees related to their duties.

British Columbia Milk Industry Advisory Committee

67. There is hereby continued a dairy industry advisory committee called the British Columbia Milk Industry Advisory Committee ("B.C.M.I.A.C."), whose members shall be appointed at the pleasure of the Board as follows:
- (a) a total of five (5) Persons as Producer representatives from Persons nominated as follows:
 - (i) Lower Mainland Region - two (2) Persons nominated by the B.C. Dairy Association;
 - (ii) Vancouver Island Region - one (1) Person nominated by the B.C. Dairy Association;
 - (iii) Okanagan Region - one (1) Person nominated by the B.C. Dairy Association;
 - (iv) All other regions - one (1) Person nominated by the B.C. Dairy Association;
 - (b) a total of five (5) Persons as Processors' representatives from Persons nominated by the Western Dairy Council;
 - (c) one (1) Person nominated by the British Columbia Ministry of Agriculture; and
 - (d) an unspecified number of Persons who have the capacity to broaden the scope of experience available to the B.C.M.I.A.C.

Audit Advisory Committee

68. (1) There is hereby continued an audit advisory committee called the British Columbia Milk Marketing Board Audit Advisory Committee (“B.C.M.M.B.A.A.C.”) consisting of not more than ten (10) members whose function will be to advise and make non-binding recommendations to the Board on matters relating to expenditure authority and control of Board operations, per diem rates paid to the Board members, and the appointment of the Board’s external auditor.
- (2) The Members of the B.C.M.M.B.A.A.C. shall be appointed at the pleasure of the Board as follows:
- (a) three (3) licensed Producers appointed by the Board who will serve for a two year term;
 - (b) two (2) licensed Producers appointed by the B.C. Dairy Association (BCDA) who will serve as long as they are appointed to the committee by the BCDA;
 - (c) two (2) Board members;
 - (d) the Board’s General Manager and the Board’s Controller; and
 - (e) one (1) Processor representative from the B.C.M.I.A.C.
- (3) Any Person appointed to the B.C.M.M.B.A.A.C. by reason of holding a position on the Board or on the B.C.M.I.A.C. shall cease to be a member of the B.C.M.M.B.A.A.C. at the same time that such Person ceases to hold a position on the Board or on the B.C.M.I.A.C.
- (4) The Chairperson of the B.C.M.M.B.A.A.C. shall be appointed annually by the Board from the two (2) licensed Producer appointed to the B.C.M.M.B.A.A.C. by the Board.

British Columbia Specialty Production Advisory Committee

69. (1) There is hereby established a specialty production advisory committee called the British Columbia Specialty Production Advisory Committee (“B.C.S.P.A.C.”), consisting of not less than twelve (12) members whose function will be to advise and make non-binding recommendations to the Board on matters relating to:
- (a) levies and levy rates applicable to Producers engaged in Organic Production;

- (b) the volume requirements of Vendors engaged in the marketing of Organic Production;
 - (c) the premium payable by Vendors to the Board on account of Producers engaged in Organic Production;
 - (d) classes of Organic Production;
 - (e) pooling criteria for Organic Production;
 - (f) the number of Producers to be invited to convert from Conventional Production to Organic Production; and
 - (g) communications with certifying bodies in British Columbia.
- (2) The members of the B.C.S.P.A.C. shall be appointed for a three-year term, subject to the pleasure of the Board, as follows:
- (a) one (1) independent, non-voting chairperson;
 - (b) four (4) licensed Vendors engaged in the marketing of Organic Production;
 - (c) four (4) licensed Producers engaged in Organic Production;
 - (d) two (2) licensed Producers engaged in Conventional Production;
 - (e) one (1) Person who is not a Producer, who shall be a non-voting member; and
 - (f) an unspecified number of Persons who, in the opinion of the Board, have the capacity to broaden the scope of experience available to the B.C.S.P.A.C.

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PART XVI - MISCELLANEOUS

Forms

70. The Board may prescribe forms to be used regarding any matters under this Consolidated Order and may, from time to time, delete, revise, add to, or replace such forms.

Revocation and Transition

71. The Board's Consolidated Order of September 1, 2013, as amended, is hereby revoked, but such revocation shall not affect any offences committed or any penalty incurred under the Consolidated Order so revoked.

Commencement

72. This Consolidated Order comes into effect on June 7, 2019.

DATED AT ABBOTSFORD, BRITISH COLUMBIA, THIS ____ DAY OF _____, 2019.

BRITISH COLUMBIA MILK MARKETING BOARD

B. Janzen, Chair

T. Hoogendoorn, Vice Chair

J. Wiebe, Executive Treasurer

D. Janssens, Member

C. Hertgers, Member

G. Andres, Member

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SCHEDULE 1 - GRADUATED ENTRY PROGRAM RULES (LEGACY PROGRAM)

Definitions

1. In these Rules:

“Independent Production Unit” means a Dairy Farm that is geographically and operationally separate from a Dairy Farm on which any other Person is actively engaged in milk production.

Application

2. The Graduated Entry Program is a legacy program administered by the Board. While Persons are no longer able to apply to participate in the Graduated Entry Program, Persons who had already entered the program continue to be governed by these rules.

Special Restrictions on Allotments Under the Program

3. (1) Continuous Daily Quota allotted by the Board under the program may be held for production by the entrant only for so long as the entrant:
 - (a) permits Board audits of the Independent Production Unit operation to ensure compliance with Board orders and all applicable legislation, including all terms and conditions of the program;
 - (b) is in good standing with all applicable Board orders and all applicable legislation, including all terms and conditions of the program; and
 - (c) is actively engaged in milk production;failing which the Continuous Daily Quota so allotted shall thereupon be subject to immediate cancellation on notice by the Board to the entrant.
- (2) If Continuous Daily Quota is Transferred to an entrant in circumstances in which subsection 24(6) of the Consolidated Order applies, all Continuous Daily Quota allotted by the Board under the program shall thereupon be immediately cancelled on notice by the Board to the entrant.
- (3) The special restrictions on allotments described in subsection (1) shall apply for a period of ten years commencing with the entrant’s entry in the program. Upon expiry of that ten year period, the special restrictions will no longer apply to the entrant.

Matching Allotment of Continuous Daily Quota

4. (1) Where an entrant purchases or acquires Continuous Daily Quota (other than by a general allotment of new Continuous Daily Quota) within five years from the date that the entrant commences production, the Board will allot to the entrant an equivalent amount of Continuous Daily Quota, up to a maximum of 5.5 kilograms of Continuous Daily Quota.
- (2) Matching allotments of Continuous Daily Quota made by the Board under subsection (1) are subject to the special restrictions described in section 3.

Determination as to Whether the Entrant is Actively Engaged in Milk Production

5. (1) The Board will determine, in its sole discretion, whether an entrant is actively engaged in milk production for the purposes of the program. Without limiting the generality of the foregoing, the Board will have regard to the following factors:
 - (a) whether the Continuous Daily Quota allotted under the program is being used for the benefit of the entrant;
 - (b) whether the entrant is active in the day-to-day affairs of the Independent Production Unit, including matters of animal husbandry;
 - (c) whether the entrant operates and controls the Independent Production Unit;
 - (d) whether the entrant owns, leases or rents the Independent Production Unit;
 - (e) whether the entrant pays for feed and other farm supplies utilized on the Independent Production Unit; and
 - (f) whether the entrant enjoys the chance of profit and bears the risk of loss in relation to the operations of the Independent Production Unit.
- (2) For the purpose of determining whether the entrant is actively engaged in the production of milk, the Board shall have regard to the substance and effect of any arrangement made between the entrant and any other Person, irrespective of the form of that arrangement.
- (3) Where it appears to the Board that the entrant is primarily engaged in the business of administering Continuous Daily Quota allotted under the program, and that some other Person is primarily engaged in the business of milk production associated with that Continuous Daily Quota, the entrant shall be deemed not to be actively engaged in milk production.

Changes to the Graduated Entry Program

6. (1) Applicants on the wait list and entrants under the program are subject to all changes that the Board may make from time to time to the terms and conditions of the program.
- (2) Notwithstanding subsection (1), the Board may, in its sole discretion, provide to an entrant a written exemption from any term or condition of the program that has come into effect after the entrant's entry into the program, in which event the entrant shall continue to be governed by the terms and conditions of the program as they existed at the time of the entrant's entry into the program except insofar as those terms and conditions may conflict with any subsequent term or condition for which a written exemption had not been granted.

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SCHEDULE 2 - NEW ENTRANT PROGRAM RULES

Definitions

1. In these Rules:

“Independent Production Unit” means a dairy farm that is geographically and operationally separate from a dairy farm on which any other Person is actively engaged in milk production;

“Selection Committee” means a committee established by the Board and comprised of the following persons:

- (a) Two agri-business representatives appointed by the Board;
- (b) One financial services representative appointed by the Board;
- (c) One active Producer nominated by the BC Dairy Association and appointed by the Board;
- (d) One New Entrant (or Graduated Entrant) Producer appointed by the Board;
- (e) One staff member of the Board, appointed by the Board; and
- (f) One Person appointed by the Board to serve as Chair of the Selection Committee.

“Spouse” means a partner in a marriage, or a Person with whom there has been cohabitation in a conjugal relationship, having so cohabitated for a continuous period of at least one year.

Application

2. (1) The Board may from time to time call for applications to participate in the New Entrant Program, and in that event only, a Person may apply to participate in the New Entrant Program by filing with the Board:
- (a) an application form, obtainable from the Board, completed in full and signed by the applicant; and
 - (e) a non-refundable application fee of \$250.00.
- (2) A Person seeking to participate in the program must have the following qualifications:

- (a) a genuine intention to be actively engaged in milk production;
 - (b) be a Canadian citizen or permanent resident of Canada;
 - (c) be a permanent resident in the Province of British Columbia;
 - (d) be at least 19 years of age at the time of application;
 - (e) have a minimum of two years' on-farm experience (paid or volunteer), or have completed the Dairypro Program or equivalent course; and
 - (f) neither the applicant nor the Spouse of the applicant may have, or have had at any time, any financial interest in Continuous Daily Quota, or any other quota issued, allotted or granted by any other supply management commodity board or commission in Canada, whether directly or indirectly, or through any organization or entity.
- (3) An applicant for the New Entrant Program may be a spousal partnership in which case each spousal partner must qualify under paragraphs (2)(a), (b), (c), (d) and (f). Only one spouse need qualify under paragraph 2(e).
- (4) Spouses may submit only one application.

Random Draw

3. Where there are more applicants than the program can accommodate, the Board will engage an independent audit firm to randomly draw:
- (a) not more than eight applications for review by the Selection Committee, where the Board proposes to invite three applicants to enter the New Entrant Program in a single year; or
 - (b) not more than sixteen applications for review by the Selection Committee, where the Board proposes to invite six applicants to enter the New Entrant Program over two years.

Review

4. (1) Applicants will be notified when their applications have been selected for review by the Selection Committee. Those applicants will have four months from the date of such notification to provide the following to the Selection Committee:
- (a) a copy of the applicant's birth certificate or other proof of age acceptable to the Board;

- (b) proof of Canadian citizenship or permanent resident status;
 - (c) proof of permanent resident status in the Province of British Columbia;
 - (d) information concerning the proposed farm location;
 - (e) a 5-year detailed business plan;
 - (f) a 10-year general business plan;
 - (g) two letters of reference, at least one of which speaks to the applicant's dairy farm experience and/or education;
 - (h) a brief essay, which answers the question: "why do you want to be a dairy farmer and how will this program assist you to enter the dairy industry?"
- (2) Following receipt of the information and documentation described in subsection (1), the Selection Committee will interview the applicant and assign a numerical score based on the interview and on its review of the information and documentation.
- (3) After assigning a numerical score to each applicant considered by it, the Selection Committee will make recommendations to the Board concerning the applicants to be approved as new entrants by the Board.

Entry in Program

5. (1) Having regard to the recommendations made by the Selection Committee, the Board:
- (a) will invite a minimum of three applicants to enter the New Entrant Program each year;
 - (b) may establish a maximum number of applicants who will be invited to enter the New Entrant Program in a year and that maximum number may vary from year to year; and
 - (c) may, in its sole discretion, preferentially invite an applicant to enter the New Entrant Program where that applicant has a genuine intention to fulfil a niche demand.

- (2) Where an applicant is invited by the Board to become an entrant to the New Entrant Program, the following provisions apply:
- (a) the entrant shall pay to the Board a non-refundable deposit of \$1,000.00, which may be used by the entrant when the entrant first participates on the quota exchange;
 - (b) if the entrant withdraws from the New Entrant Program, the deposit is forfeit to the Board;
 - (c) the entrant shall obtain a Producer licence from the Board of the appropriate class;
 - (d) the entrant must commence production within two years from the date of the invitation, failing which the entrant's participation in the program shall be terminated
 - (e) upon receipt of the production of a qualifying entrant by a Vendor, the Board will allot to the entrant 15 kilograms of Continuous Daily Quota.

Special Restrictions on Allotments Under the Program

6. (1) Continuous Daily Quota allotted by the Board under the program may be held for production by the entrant only for so long as the entrant:
- (a) permits Board audits of the Independent Production Unit operation to ensure compliance with Board orders and all applicable legislation, including all terms and conditions of the program;
 - (b) is in good standing with all applicable Board orders and all applicable legislation, including all terms and conditions of the program;
 - (c) is actively engaged in milk production;
 - (d) is compliant with all applicable requirements under the proAction program and, in addition, attends personally for an annual proAction validation in each of the first five years of the entrant's participation in the program;
 - (e) attends at least one regional producer meeting annually and provides an update on their progress/challenges as a new farmer during the first five years of the entrant's participation in the program;

failing which the Continuous Daily Quota so allotted shall thereupon be subject to immediate cancellation on notice by the Board to the entrant.

- (2) The special restrictions on allotments described in subsection (1) shall apply for a period of ten years commencing with the entrant's entry in the program. Upon expiry of that ten-year period, the special restrictions will no longer apply to the entrant.

Matching Allotment of Continuous Daily Quota

7. (1) Where an entrant purchases or acquires Continuous Daily Quota (other than by a general allotment of new Continuous Daily Quota) within ten years from the date that the entrant commences production, the Board will allot to the entrant an equivalent amount of Continuous Daily Quota, up to a maximum of 8 kilograms of Continuous Daily Quota.
- (2) Matching allotments of Continuous Daily Quota made by the Board under subsection (1) are subject to the special restrictions described in section 5.

Determination as to Whether the Entrant is Actively Engaged in Milk Production

8. (1) The Board will determine, in its sole discretion, whether an entrant is actively engaged in milk production for the purposes of the program. Without limiting the generality of the foregoing, the Board will have regard to the following factors:
 - (a) whether the Continuous Daily Quota allotted under the program is being used for the benefit of the entrant;
 - (b) whether the entrant is active in the day-to-day affairs of the Independent Production Unit, including matters of animal husbandry;
 - (c) whether the entrant operates and controls the Independent Production Unit;
 - (d) whether the entrant owns, leases or rents the Independent Production Unit;
 - (e) whether the entrant pays for feed and other farm supplies utilized on the Independent Production Unit; and
 - (f) whether the entrant enjoys the chance of profit and bears the risk of loss in relation to the operations of the Independent Production Unit.

- (2) For the purpose of determining whether the entrant is actively engaged in the production of milk, the Board shall have regard to the substance and effect of any arrangement made between the entrant and any other Person, irrespective of the form of that arrangement.
- (3) Where it appears to the Board that the entrant is primarily engaged in the business of administering Continuous Daily Quota allotted under the program, and that some other Person is primarily engaged in the business of milk production associated with that Continuous Daily Quota, the entrant shall be deemed not to be actively engaged in milk production.

Changes to the New Entrant Program

9. (1) Entrants under the program are subject to all changes that the Board may make from time to time to the terms and conditions of the program.
- (2) Notwithstanding subsection (1), the Board may, in its sole discretion, provide to an entrant a written exemption from any term or condition of the program that has come into effect after the entrant's entry into the program, in which event the entrant shall continue to be governed by the terms and conditions of the program as they existed at the time of the entrant's entry into the program except insofar as those terms and conditions may conflict with any subsequent term or condition for which a written exemption had not been granted.

SCHEDULE 3 - COTTAGE INDUSTRY PROGRAM RULES

Application

1. (1) These Rules apply to all existing Cottage Industry Program Participants. Where the provisions of the Consolidated Order are inconsistent with the terms of any Agreements made between the Board and any existing Cottage Industry Program Participant, the provisions of the Consolidated Order shall govern and be binding upon such existing Cottage Industry Program Participant.
- (2) A Person who has not previously participated in the Cottage Industry Program or predecessor program may apply to participate in the Cottage Industry Program by filing with the Board an application form, obtainable from the Board, completed and sworn before a Commissioner for Taking Oaths or Notary Public, provided that neither the applicant nor the spouse of the applicant may have, or have had at any time, any financial interest in Continuous Daily Quota, or any other licence, permit or quota issued or granted by any other supply management commodity board, whether directly or indirectly, or through any organization or entity.
- (3) A Person seeking to participate in the program must undertake in writing:
 - (a) not to own or control more than one Dairy Farm, whether directly, or in conjunction with a Related Producer;
 - (b) to operate a Dairy Plant on a Dairy Farm owned by that Person;
 - (c) to process at that Dairy Plant only milk produced by that Person's own cows (unless otherwise permitted under the terms of the Cottage Industry Program);
 - (d) to process such milk at that Dairy Plant only into specified manufactured milk products approved by the Board, or if the Dairy Plant is situated within a Remote Region and the Person is engaged exclusively in the production and processing of breed-specific certified organic milk, to process such milk at that Dairy Plant only into specified manufactured milk products and/or fluid milk products approved by the Board, provided that:
 - (i) any such fluid milk products that are processed from milk produced by that Producer's own cows are processed from milk produced under Continuous Daily Quota that was purchased by that Producer through the Quota Exchange, or acquired by that Producer by way of a general allotment of Continuous Daily Quota made by the Board; and

- (ii) milk produced by that Producer's own cows for the processing of fluid milk products does not exceed 27.4 kilograms of Continuous Daily Quota;
- (e) to market such specified milk products only in a consumer-ready form at the time of sale;
- (f) not to receive milk from another Vendor or Producer (unless otherwise permitted under the terms of the Cottage Industry Program);
- (g) not to market fluid milk, unless the Dairy Plant is situated within a Remote Region and the Person is engaged exclusively in the production and processing of breed-specific certified organic milk, and provided further that:
 - (i) any such fluid milk products that are processed from milk produced by that Producer's own cows are processed from milk produced under Continuous Daily Quota that was purchased by that Producer through the Quota Exchange, or acquired by that Producer by way of a general allotment of Continuous Daily Quota made by the Board; and
 - (ii) milk produced by that Producer's own cows for the processing of fluid milk products does not exceed 27.4 kilograms of Continuous Daily Quota;
- (h) to permanently install and maintain as an integral part of the milking system, milk volume metering equipment acceptable to and approved by the Board that provides accurate measurement, at the time of milking, of individual cow production;
- (i) in the alternative to (h), at that Person's expense, to commence and maintain participation in the Supervised Dairy Herd Improvement Services testing and monitoring program and, upon request of an authorized representative of the Board, to immediately make available any and all tests and monitoring results to the Board;
- (j) not to sell, ship for sale or offer for sale any milk produced on the farm without the written approval of the Board;
- (k) to pay promptly any and all amounts charged to that Person by the Board for over quota production;

- (l) to cease production in the event of non-compliance with orders of the Board from time to time in force;
- (m) to provide such securities or assurances as the Board may require from time to time; and
- (n) not to apply for participation in the program on a Dairy Farm with respect to which Continuous Daily Quota had previously been allotted to another Producer under the Cottage Industry Program.

Continuous Daily Quota

- 2. (1) Subject to section 3, where an applicant has provided a written undertaking acceptable to the Board and is not in breach of it, and where the Board has issued a Class “D” Producer Vendor Licence to such Person, the Board will allot Continuous Daily Quota to that Person in an amount not less than 4.1 kilograms, together with such additional amount as is demonstrably necessary only for the processing of specified consumer-ready manufactured milk products approved by the Board based on that Person’s business plan for the first year of operation, and provided that the aggregate of all amounts of Continuous Daily Quota allotted to that Person under the program does not exceed 27.4 kilograms. During the first 15 years from the date of initial allotment, the Board may allot additional amounts of Continuous Daily Quota to that Person only for the processing of specified consumer-ready manufactured milk products approved by the Board provided that such additional amounts are not more than is demonstrably necessary based on that Person’s business plan for that year of operation, and provided that the aggregate of all amounts of Continuous Daily Quota allotted to that Person under the program does not exceed 27.4 kilograms.
- (2) Subject to section 3, all Continuous Daily Quota allotted under the program shall Transferable only as a Going Concern Sale during the first 15 years from the date of initial allotment.

Additional Continuous Daily Quota

- 3. (1) Where a Cottage Industry Program Participant requires more than 27.4 kilograms of Continuous Daily Quota to meet demand for the specified manufactured milk products approved by the Board hereunder, that Participant may purchase additional Continuous Daily Quota through the Quota Exchange.
- (2) A Cottage Industry Program Participant who seeks to purchase additional Continuous Daily Quota through the Quota Exchange in accordance with subsection (1) may apply for a one-time priority access of up to 13.7 kilograms.

- (3) Any Continuous Daily Quota purchased in accordance with this section may be used only for the production of milk for processing into the specified manufactured milk products approved by the Board hereunder.

Access to Third Party Milk

4. (1) A Cottage Industry Program Participant who operates a Dairy Plant on a Dairy Farm which is situated other than within a Remote Region will be eligible to receive milk from another Vendor or Producer (through the Board).
- (2) Where a Cottage Industry Program Participant elects to receive milk from another Vendor or Producer (through the Board) pursuant to subsection (1):
 - (a) no further Continuous Daily Quota will be allotted by the Board to that Participant under the Cottage Industry Program; and
 - (b) all Continuous Daily Quota allotted by the Board to that Participant under the Cottage Industry Program shall be Transferrable, subject to the surrender provisions of the Consolidated Order; and
 - (c) that Participant shall be governed by Parts VIII to X of the Consolidated Order as a Pool Participant Vendor and a Pool Participant Producer.

Conditions and Prohibitions

5. A Cottage Industry Program participant shall:
 - (a) not own or control more than one Dairy Farm, whether directly, or in conjunction with a Related Producer;
 - (b) operate a Dairy Plant on a Dairy Farm owned by that Person;
 - (c) process at that Dairy Plant only milk produced by that Person's own cows (unless otherwise permitted under the terms of the Cottage Industry Program);
 - (d) process such milk at that Dairy Plant only into specified manufactured milk products approved by the Board, or if the Dairy Plant is situated within a Remote Region and the Person is engaged exclusively in the production and processing of breed-specific certified organic milk, to process such milk at that Dairy Plant only into specified manufactured milk products and/or fluid milk products approved by the Board, provided that:

- (i) any such fluid milk products that are processed from milk produced by that Producer's own cows are processed from milk produced under Continuous Daily Quota that was purchased by that Producer through the Quota Exchange, or acquired by that Producer by way of a general allotment of Continuous Daily Quota made by the Board; and
 - (ii) milk produced by that Producer's cows for the processing of fluid milk products does not exceed 27.4 kilograms of Continuous Daily Quota;
- (e) market such specified milk products only in a consumer-ready form at the time of sale;
- (f) not receive milk from another Vendor or Producer (unless otherwise permitted under the terms of the Cottage Industry Program);
- (g) not market fluid milk, unless the Dairy Plant is situated within a Remote Region and the Person is engaged exclusively in the production and processing of breed-specific certified organic milk, and provided further that:
 - (i) any such fluid milk products that are processed from milk produced by that Producer's own cows are processed from milk produced under Continuous Daily Quota that was purchased by that Producer through the Quota Exchange, or acquired by that Producer by way of a general allotment of Continuous Daily Quota made by the Board; and
 - (ii) milk produced by that Producer's own cows for the processing of fluid milk products does not exceed 27.4 kilograms of Continuous Daily Quota;
- (h) permanently install and maintain as an integral part of the milking system, milk volume metering equipment acceptable to and approved by the Board that provides accurate measurement, at the time of milking, of individual cow production;
- (i) in the alternative to (h), at that Person's expense, commence and maintain participation in the Supervised Dairy Herd Improvement Services testing and monitoring program and, upon request of an authorized representative of the Board, immediately make available any and all tests and monitoring results to the Board;

- (j) not sell, ship for sale or offer for sale any milk produced on the farm without the written approval of the Board;
- (k) pay promptly any and all amounts charged to that Person by the Board for over quota production;
- (l) cease production in the event of non-compliance with orders of the Board from time to time in force; and
- (m) provide such securities or assurances as the Board may require from time to time.

Determination of Value of Over Quota Production

6. (1) All Cottage Industry Program participants shall report to the Board each month, in the prescribed form, details of the following:
- (a) the quantity of milk produced (expressed in litres) and the quantity of butterfat in such milk (expressed in kilograms) based upon component test results certified by an accredited laboratory;
 - (b) the number of days that milk was produced; and
 - (c) the quantity of milk (expressed in litres) and the quantity of butterfat (expressed in kilograms) used in Classes 2, 3 and 4;
- (2) The Board will calculate the kilograms of protein and the kilograms of other solids relative to the litres of milk and kilograms of butterfat reported by a Class "D" Cottage Industry Producer Vendor.
- (3) The Board will calculate the gross dollar amount of over quota production using the information provided under paragraph 6(1)(c), adjusted as necessary to correct for reporting errors disclosed by audit verification of the Cottage Industry Program participant's reports, and the results of the calculation described in subsection (2), as follows:
- (a) the butterfat amount (determined by multiplying the kilograms of butterfat in each class by the applicable butterfat value published in Schedule 6 herein);
 - (b) the protein amount (determined by multiplying the kilograms of protein in each class by the applicable protein value published in Schedule 6 herein);

- (c) the other solids amount (determined by multiplying the kilograms of other solids in each class by the applicable other solids value published in Schedule 6 herein);
- (4) Each month, the Board will charge to each Cottage Industry Program participant the gross dollar amount of over quota production calculated in accordance with subsection (3) together with the applicable charge for over quota production. The gross dollar amount of such over quota production is due on the 10th Business Day after the end of that month.

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SCHEDULE 4 - QUOTA EXCHANGE RULES – CONVENTIONAL PRODUCTION

General

1. (1) These rules are to be read with the Consolidated Order.
- (2) The Board reserves the right to limit a Person's participation in the Quota Exchange.
- (3) The Board has no liability or obligation to a Person in the event an exchange is cancelled.
- (4) All Quota exchanges will be held once monthly provided that at least one offer to sell has been duly submitted.
- (5) The Board will run separate exchanges for Continuous Daily Quota used for the purpose of engaging in Conventional Production and Continuous Daily Quota used for the purpose of engaging in Organic Production.

Eligibility to Sell or to Buy

2. A Person intending to submit an offer to sell Continuous Daily Quota must first obtain a letter from the Board confirming the amount of Continuous Daily Quota that is available for Transfer. The confirmation letter must be requested well in advance of the deadline for submitting an offer to sell. Any such Person who has not obtained a confirmation letter is ineligible to participate in an exchange.

How to Use the Quota Exchange

3. (1) Persons intending to participate in a Quota Exchange must provide the Board with a completed offer to sell or to buy ("Quota Exchange Transfer Application Form") which is available from the Board as follows:
 - (a) Buyer's Application Form
 - (b) Buyer's Application Form – Priority
 - (c) Seller's Application Form – Non-Priority
 - (d) Seller's Application Form – Priority
- (2) Every Quota Exchange Transfer Application Form must be signed by the intended seller(s) or buyer(s), or in the case of a partnership or corporation, by all partners or by the corporation's authorized signatories, as the case may be.

- (3) Every Quota Exchange Transfer Application Form must be:
 - (a) delivered to the Board by mail, courier or personal delivery, in a sealed envelope that is clearly marked:
 - (i) “Quota Exchange Application”, where the application concerns Continuous Daily Quota used for the purpose of engaging in Conventional Production; or
 - (ii) “Specialty Quota Exchange Application”, where the application concerns Continuous Daily Quota used for the purpose of engaging in Organic Production; or
 - (b) sent by email to the agent designated by the Board to administer the Quota Exchange in a manner that clearly indicates whether the application concerns Continuous Daily Quota used for the purpose of engaging in Conventional Production or Continuous Daily Quota used for the purpose of engaging in Organic Production.
- (4) An offer to sell or to buy cannot be withdrawn after 1:00 p.m. on the deadline date of the month in which the Quota Exchange is to occur, unless the Board has in writing allowed the withdrawal of such an offer to sell or to buy for a reason which the Board considers appropriate in the circumstances.
- (5) Applications that are not received by the Board prior to 1:00 p.m. on the deadline date of the month in which the exchange is to occur will be rejected by the Board, and must be resubmitted in order to be considered for a subsequent Quota Exchange.
- (6) The Board will notify any Person who is eliminated from the Quota Exchange as a result of a late application of that fact.

Only One Offer to Sell or Offer to Buy

4. (1) Subject to subsection (2), a Person may submit only one offer to sell or offer to buy on each Quota Exchange.
- (2) A Producer that has submitted an offer to sell is ineligible to submit an offer to buy until the expiry of twelve months from the date of the Quota Exchange in which the offer to sell had been submitted.

Minimum and Maximum Amount of Continuous Daily Quota for Offer to Sell

5. (1) Except when a Producer is leaving the regulated dairy industry and has ceased production, the minimum amount of Continuous Daily Quota which may be contained in an offer to sell is 0.1 kilograms.
- (2) The total amount of Continuous Daily Quota offered for sale must not exceed the amount of Continuous Daily Quota that the Person has available for Transfer.

Minimum and Maximum Amount of Continuous Daily Quota for Offer to Buy

6. (1) The minimum amount of Continuous Daily Quota which may be contained in an offer to buy is 0.1 kilograms.
- (2) Subject to subsection (3), the maximum amount of Continuous Daily Quota which may be contained in an offer to buy is 50 kilograms.
- (3) A Person must have a farm that is approved Ministry of Agriculture – Livestock Health Management and Regulation to produce as much Continuous Daily Quota as would be allotted to that Person if the offer to buy is entirely successful.

Deposits and Security

7. Where an offer to buy concerns more than 5 kilograms of Continuous Daily Quota, the offer to buy must be accompanied with a letter from a responsible financial institution which indicates that the Person who submitted the offer to buy has made the necessary financial arrangements to purchase the full value of the Continuous Daily Quota set out in the offer to buy when payment therefor is due.

Special Considerations for Producers Leaving the Industry

8. (1) A Producer intending to leave the regulated dairy industry must inform the Board of the date that Continuous Daily Quota production will cease.
- (2) After the month in which final production is reported in the Producer's milk statement, the Producer must offer for sale any remaining Continuous Daily Quota on all subsequent, consecutive Quota Exchanges until sold.

Priority Status - Buyers

9. (1) A qualified new entrant to the dairy industry may apply to the Board for priority status as a buyer on the Quota Exchange for a period not exceeding five years from the date that the qualified new entrant commenced production. Where such priority status has been granted and has not expired, offers to buy Continuous Daily Quota submitted by that qualified new entrant:
 - (a) will be 100% filled, up to a maximum of 13.7 kilograms, if there is sufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers; or
 - (b) will be filled on a pro-rated basis with other priority status purchasers, up to a maximum of 13.7 kilograms, if there is insufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers.

- (2) A qualified entrant in the Graduated Entry Program may apply to the Board for priority status as a buyer on the Quota Exchange for a period not exceeding five years from the date that the entrant in the Graduated Entry Program commenced production. Where such priority status has been granted and has not expired, offers to buy Continuous Daily Quota submitted by that qualified entrant in the Graduated Entry Program:
 - (a) will be 100% filled, up to a maximum of 13.7 kilograms, if there is sufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers; or
 - (b) will be filled on a pro-rated basis with other priority status purchasers, up to a maximum of 13.7 kilograms, if there is insufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers.

- (3) A qualified entrant in the New Entrant Program may apply to the Board for priority status as a buyer on the Quota Exchange for a period not exceeding five years from the date that the entrant in the New Entrant Program commenced production. Where such priority status has been granted and has not expired, offers to buy Continuous Daily Quota submitted by that qualified entrant in the New Entrant Program:

- (a) will be 100% filled, up to a maximum of 8 kilograms, if there is sufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers; or
 - (b) will be filled on a pro-rated basis with other priority status purchasers, up to a maximum of 8 kilograms, if there is insufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers.
- (4) To qualify for priority status under subsections (1), (2) or (3), the applicant must have the following qualifications:
- (a) a genuine intention to be actively engaged in milk production;
 - (b) be a Canadian citizen or permanent resident of Canada;
 - (c) be a permanent resident in the Province of British Columbia;
 - (d) be at least 19 years of age at the time of application; and
 - (e) neither the applicant nor the Spouse of the applicant may have, or have had at any time, any financial interest in Continuous Daily Quota, or any other licence, permit or quota issued, allotted or granted by any other supply management commodity board or commission in Canada, whether directly or indirectly, or through any organization or entity.
- (5) An applicant for priority status may be a partnership in which case each partner must qualify under subsection (4).
- (6) A Person who has been granted priority status under subsection (1) is ineligible to purchase Continuous Daily Quota in circumstances in which subsection 24(6) of the Consolidated Order applies for a period of 5 years from the date that priority status was granted by the Board.
- (7) A Person who has been granted priority status under subsections (2) or (3) is ineligible to purchase Continuous Daily Quota in circumstances in which subsection 24(6) of the Consolidated Order applies for a period of 10 years from the date that priority status was granted by the Board.

Priority Status - Sellers

10. (1) A producer may apply to the Board for priority status as a seller on the Quota Exchange. Where such priority status has been granted, offers to sell Continuous Daily Quota submitted by that producer will be processed before offers to sell submitted by producers who do not have priority status. Any unsatisfied "priority status" offers to sell will be carried forward to every subsequent Quota Exchange until satisfied, and shall have additional priority over any subsequent "priority status" offers to sell.
- (2) To qualify for priority status under subsection (2), the applicant must have ceased dairy production or otherwise provide written confirmation to the Board that dairy production will cease by the end of the Quota Exchange month, regardless whether all quota is sold in that month or carried forward to subsequent exchanges.

Quota Exchange Date

11. (1) Subject to subsection (2), Quota Exchanges will be held by the Board on the 7th day of each month, or if the 7th day is not a Business Day, the next Business Day following the 7th day.
- (2) If the volume of Continuous Daily Quota subject to offers to sell exceeds the volume of Continuous Daily Quota subject to offers to buy, the offers to buy will be cleared first from offers to sell submitted by Producers intending to leave the regulated dairy industry (i.e., Priority sellers), and then by pro-rating the remaining offers to sell. Any Priority Status Continuous Daily Quota that remains unsold will carry forward to a subsequent Quota Exchange to be conducted within two weeks using a market clearing price that has been adjusted in accordance with these Rules.
- (3) If the volume of Continuous Daily Quota subject to offers to buy exceeds the volume of Continuous Daily Quota subject to offers to sell, the offers to buy will be cleared as follows:
 - (a) Qualified new entrants to the dairy industry and qualified new entrants to the Graduated Entry Program, who have been granted priority status on the Quota Exchange, will be 100% filled, up to a maximum of 13.7 kilograms, and qualified new entrants to the New Entrant Program, who have been granted priority status on the Quota Exchange, will be 100% filled, up to a maximum of 8 kilograms, if there is sufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by all priority status purchasers;

- (b) Qualified new entrants to the dairy industry and qualified new entrants to the Graduated Entry Program, who have been granted priority status on the Quota Exchange, will be filled on a pro-rated basis up to a maximum of 13.7 kilograms, and qualified new entrants to the New Entrant Program, who have been granted priority status on the Quota Exchange, will be filled on a pro-rated basis up to a maximum of 8 kilograms, if there is insufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by all priority status purchasers;
- (c) if there is sufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by all priority status purchasers, then any remaining offers to buy will be filled in equal amounts up to a maximum of 10 kilograms (and subject to the limit of the amount contained in any offer to buy), and thereafter on a pro-rated basis.

Calculation of the Market Clearing Price – Conventional Production

12. (1) If for each of three consecutive “Conventional Production” Quota Exchanges:
- (a) the volume of Continuous Daily Quota subject to offers to sell was greater than 250 kilograms;
 - (b) the volume of Continuous Daily Quota subject to offers to buy has exceeded the volume of Continuous Daily Quota subject to offers to sell;
 - (c) the offers to buy have been filled to 50% or less; and
 - (d) at least one successfully filled offer to buy was from a Person who had not been granted priority status in accordance with these Rules;
- the market clearing price shall be increased by \$500.00 per kilogram for the next exchange.
- (2) If the volume of Continuous Daily Quota subject to offers to sell exceeds the volume of Continuous Daily Quota subject to offers to buy in a Quota Exchange, the market clearing price shall be reduced by \$500.00 per kilogram for the next Quota Exchange which shall be to conducted within two weeks.

Transfer of Continuous Daily Quota

13. Continuous Daily Quota Transfers concerning Continuous Daily Quota used for the purpose of engaging in Conventional Production will be effective on the 1st day of the month following the holding of each Quota Exchange.

Notification and Payment

14. (1) Once the outcome of a Quota Exchange is known, all participating Persons will be notified of the results. Persons who bought or sold Continuous Daily Quota will be provided payment statements. Persons who successfully bought Continuous Daily Quota shall then be required to deliver to the Board, on or before 1:00 p.m. of the 23rd day of the month before Transfer is to take place (or on the first Business Day prior to the 23rd day of that month if the 23rd day is not a Business Day), their payment for the amount equal to the balance of the purchase price.
- (2) If a Person successful in buying Continuous Daily Quota fails to make payment to the Board before the expiry of the deadline set out herein, then no Continuous Daily Quota shall be Transferred to such Person. The amount of Continuous Daily Quota sold by the successful sellers will be reduced proportionately by the amount of Continuous Daily Quota not Transferred to such Person. The Board shall advise any Person not receiving Continuous Daily Quota by reason of that Person's non-payment that no Continuous Daily Quota is being Transferred to such Person.
- (3) Any Person fails to make payment to the Board before the expiry of the deadline set out herein shall be liable to the Board for:
 - (a) all costs incurred by the Board as a result of such non-payment, including but not limited to all banking charges and legal costs; and
 - (b) liquidated damages equal to the amount of the payment that was required to have been made, and the Board may pursue all remedies available to it at law, including set-off, to recover from such Person such liquidated damages and costs;
- (4) Subject to subsection (6), payment to a successful seller will be made by cheque post dated to the last Business Day of the month before the Transfer occurs, and sent by courier to the address shown on the Quota Exchange Transfer Application Form. Should the amount of Continuous Daily Quota sold by successful sellers be reduced by reason of the circumstances described in subsection (3), then it may be necessary for the Board to place stop-payment on any cheques already issued to successful sellers and to issue new cheques to successful sellers.

- (5) If the Board has notice of an assignment of Continuous Daily Quota to a financial institution or other Person, the sale proceeds of an approved Transfer will be paid jointly to the financial institution or other Person and to the selling Person, unless instructed otherwise by both the financial institution or other Person and the selling Person.

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SCHEDULE 5 - QUOTA EXCHANGE RULES – ORGANIC PRODUCTION

General

1. (1) These rules are to be read with the Consolidated Order.
- (2) The Board reserves the right to limit a Person's participation in the Quota Exchange.
- (3) The Board has no liability or obligation to a Person in the event an exchange is cancelled.
- (4) All Quota exchanges will be held a minimum of once monthly provided that at least one offer to sell and one offer to buy has been duly submitted.
- (5) The Board will run separate exchanges for Continuous Daily Quota used for the purpose of engaging in Conventional Production and Continuous Daily Quota used for the purpose of engaging in Organic Production.

Eligibility to Sell or to Buy

2. A Person intending to submit an offer to sell Continuous Daily Quota must first obtain a letter from the Board confirming the amount of Continuous Daily Quota that is available for Transfer. The confirmation letter must be requested well in advance of the deadline for submitting an offer to sell. Any such Person who has not obtained a confirmation letter is ineligible to participate in an exchange.

How to Use the Quota Exchange

3. (1) Persons intending to participate in a Quota Exchange must provide the Board with a completed offer to sell or to buy ("Quota Exchange Transfer Application Form") which is available from the Board.
- (2) Every Quota Exchange Transfer Application Form must be signed by the intended seller(s) or buyer(s), or in the case of a partnership or corporation, by all partners or by the corporation's authorized signatories, as the case may be.
- (3) Every Quota Exchange Transfer Application Form must be:
 - (a) delivered to the Board by mail, courier or personal delivery, in a sealed envelope that is clearly marked "Organic Quota Exchange Application", where the application concerns Continuous Daily Quota used for the purpose of engaging in Organic Production; or

- (b) sent by email to the agent designated by the Board to administer the Quota Exchange in a manner that clearly indicates that the application concerns Continuous Daily Quota used for the purpose of engaging in Organic Production.
- (4) An offer to sell or to buy cannot be withdrawn after 1:00 p.m. on the deadline date of the month in which the Quota Exchange is to occur, unless the Board has in writing allowed the withdrawal of such an offer to sell or to buy for a reason which the Board considers appropriate in the circumstances.
- (5) Applications that are not received by the Board prior to 1:00 p.m. on the deadline date of the month in which the exchange is to occur will be rejected by the Board, and must be resubmitted in order to be considered for a subsequent Quota Exchange.
- (6) The Board will notify any Person who is eliminated from the Quota Exchange as a result of a late application of that fact.

Only One Offer to Sell or Offer to Buy

- 4. (1) Subject to subsection (2), a Person may submit only one offer to sell or offer to buy on each Quota Exchange.
- (2) A Producer that has submitted an offer to sell is ineligible to submit an offer to buy until the expiry of twelve months from the date of the Quota Exchange in which the offer to sell had been submitted.

Minimum and Maximum Amount of Continuous Daily Quota for Offer to Sell

- 5. (1) Except when a Producer is leaving the regulated dairy industry and has ceased production, the minimum amount of Continuous Daily Quota which may be contained in an offer to sell is 0.1 kilograms.
- (2) The total amount of Continuous Daily Quota offered for sale must not exceed the amount of Continuous Daily Quota that the Person has available for Transfer.

Minimum and Maximum Amount of Continuous Daily Quota for Offer to Buy

- 6. (1) The minimum amount of Continuous Daily Quota which may be contained in an offer to buy is 0.1 kilograms.
- (2) Subject to subsection (3), the maximum amount of Continuous Daily Quota which may be contained in an offer to buy is 50 kilograms.

- (3) A Person must have a farm that is approved Ministry of Agriculture – Livestock Health Management and Regulation to produce as much Continuous Daily Quota as would be allotted to that Person if the offer to buy is entirely successful.

Deposits and Security

7. Where an offer to buy concerns more than 5 kilograms of Continuous Daily Quota, the offer to buy must be accompanied with a letter from a responsible financial institution which indicates that the Person who submitted the offer to buy has made the necessary financial arrangements to purchase the full value of the Continuous Daily Quota set out in the offer to buy when payment therefor is due.

Special Considerations for Producers Leaving the Industry

8. (1) A Producer intending to leave the regulated dairy industry must inform the Board of the date that Continuous Daily Quota production will cease at least 90 days in advance.
(2) After the month in which final production is reported in the Producer's milk statement, the Producer must offer for sale any remaining Continuous Daily Quota on all subsequent, consecutive Quota Exchanges until sold.

Quota Exchange Date

9. (1) Subject to subsection (2), Quota Exchanges will be held by the Board on the 7th day of each month, or if the 7th day is not a Business Day, the next Business Day following the 7th day.
(2) If the volume of Continuous Daily Quota subject to offers to sell exceeds the volume of Continuous Daily Quota subject to offers to buy, the Quota Exchange will be run within two weeks using a market clearing price that has been adjusted in accordance with these Rules.

Calculation of the Market Clearing Price – Organic Production

10. (1) For the first "Organic Production" Quota Exchange run after September 1, 2013, and for every "Organic Production" Quota Exchange that follows a successful "Organic Production" Quota Exchange in which Quota had Transferred, the market clearing price shall be equal to the market clearing price for that month's "Conventional Production" Quota Exchange.
(2) If the volume of Continuous Daily Quota subject to offers to sell exceeds the volume of Continuous Daily Quota subject to offers to buy in a "Organic Production" Quota Exchange, the market clearing price shall be reduced:

- (a) after the first cancelled “Organic Production” Quota Exchange, by \$500.00 per kilogram, for the next “Organic Production” Quota Exchange;
- (b) after the second consecutive cancelled “Organic Production” Quota Exchange, by \$1,000.00 per kilogram, for the next “Organic Production” Quota Exchange;
- (c) after the third consecutive cancelled “Organic Production” Quota Exchange, by \$2,000.00 per kilogram, for the next “Organic Production” Quota Exchange;
- (d) after the fourth and any subsequent consecutive cancelled “Organic Production” Quota Exchange, by \$4,000.00 per kilogram, for the next “Organic Production” Quota Exchange.

Transfer of Continuous Daily Quota

- 11. (1) Continuous Daily Quota Transfers concerning Continuous Daily Quota used for the purpose of engaging in Organic Production will be effective on the 1st day of the month following the holding of each Quota Exchange.
- (2) Subject to section 12, if there is insufficient Continuous Daily Quota subject to offers to sell in any monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange, then the available Continuous Daily Quota will be Transferred to each buyer on a percentage basis - i.e. if there is enough Continuous Daily Quota offered for sale to fill 95% of the offers to buy, then each offer to buy will be 95% filled.

Priority Status

- 12. (1) Notwithstanding subsection 11(2), a qualified new entrant to the dairy industry may apply to the Board for priority status as a buyer on the Quota Exchange for a period not exceeding five years from the date that the qualified new entrant commenced production. Where such priority status has been granted and has not expired, offers to buy Continuous Daily Quota submitted by that qualified new entrant:
 - (a) will be 100% filled, up to a maximum of 13.7 kilograms, if there is sufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers; or

- (b) will be filled on a pro-rated basis with other priority status purchasers, up to a maximum of 13.7 kilograms, if there is insufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers.
- (2) Notwithstanding subsection 11(2), a qualified entrant in the Graduated Entry Program may apply to the Board for priority status as a buyer on the Quota Exchange for a period not exceeding five years from the date that the entrant in the Graduated Entry Program commenced production. Where such priority status has been granted and has not expired, offers to buy Continuous Daily Quota submitted by that qualified entrant in the Graduated Entry Program:
 - (a) will be 100% filled, up to a maximum of 13.7 kilograms, if there is sufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers; or
 - (b) will be filled on a pro-rated basis with other priority status purchasers, up to a maximum of 13.7 kilograms, if there is insufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers.
- (3) Notwithstanding subsection 11(2), a qualified entrant in the New Entrant Program may apply to the Board for priority status as a buyer on the Quota Exchange for a period not exceeding five years from the date that the entrant in the New Entrant Program commenced production. Where such priority status has been granted and has not expired, offers to buy Continuous Daily Quota submitted by that qualified entrant in the New Entrant Program:
 - (a) will be 100% filled, up to a maximum of 8 kilograms, if there is sufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers; or
 - (b) will be filled on a pro-rated basis with other priority status purchasers, up to a maximum of 8 kilograms, if there is insufficient Continuous Daily Quota subject to offers to sell in the monthly Quota Exchange to meet all offers to buy Continuous Daily Quota on that Quota Exchange submitted by priority status purchasers.

- (4) To qualify for priority status under subsections (1), (2) or (3), the applicant must have the following qualifications:
 - (a) a genuine intention to be actively engaged in milk production;
 - (b) be a Canadian citizen or permanent resident of Canada;
 - (c) be a permanent resident in the Province of British Columbia;
 - (d) be at least 19 years of age at the time of application; and
 - (e) neither the applicant nor the Spouse of the applicant may have, or have had at any time, any financial interest in Continuous Daily Quota, or any other licence, permit or quota issued, allotted or granted by any other supply management commodity board or commission in Canada, whether directly or indirectly, or through any organization or entity.
- (5) An applicant for priority status may be a partnership in which case each partner must qualify under subsection (4).
- (6) A Person who has been granted priority status under this section is ineligible to purchase Continuous Daily Quota in any transaction that would constitute a Transfer to or from an Relative or sibling for a period of 5 years from the date that priority status was granted by the Board.

Notification and Payment

13. (1) Once the outcome of a Quota Exchange is known, all participating Persons will be notified of the results. Persons who bought or sold Continuous Daily Quota will be provided payment statements. Persons who successfully bought Continuous Daily Quota shall then be required to deliver to the Board, on or before 1:00 p.m. of the 23rd day of the month before Transfer is to take place (or on the first Business Day prior to the 23rd day of that month if the 23rd day is not a Business Day), their payment for the amount equal to the balance of the purchase price.
- (2) If a Person successful in buying Continuous Daily Quota fails to make payment to the Board before the expiry of the deadline set out herein, then no Continuous Daily Quota shall be Transferred to such Person. The amount of Continuous Daily Quota sold by the successful sellers will be reduced proportionately by the amount of Continuous Daily Quota not Transferred to such Person. The Board shall advise any Person not receiving Continuous Daily Quota by reason of that Person's non-payment that no Continuous Daily Quota is being Transferred to such Person.

- (3) Any Person providing the Board with a payment which cannot be negotiated by the Board shall be liable to the Board for:
 - (a) all costs incurred by the Board as a result of such non-negotiable payment, including but not limited to all banking charges and legal costs; and
 - (b) liquidated damages equal to the amount of the payment provided, and if such payment cannot be negotiated by the Board, the Board may pursue all remedies available to it at law, including set-off, to recover from such Person such liquidated damages and costs;
- (4) Subject to subsection (6), payment to a successful seller will be made by cheque post dated to the last Business Day of the month before the Transfer occurs, and sent by courier to the address shown on the Quota Exchange Transfer Application Form. Should the amount of Continuous Daily Quota sold by successful sellers be reduced by reason of the circumstances described in subsection (3), then it may be necessary for the Board to place stop-payment on any cheques already issued to successful sellers and to issue new cheques to successful sellers.
- (5) If the Board has notice of an assignment of Continuous Daily Quota to a financial institution or other Person, the sale proceeds of an approved Transfer will be paid jointly to the financial institution or other Person and to the selling Person, unless instructed otherwise by both the financial institution or other Person and the selling Person.

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SCHEDULE 6 - MINIMUM PRICES FOR CLASSES OF MILK

EFFECTIVE JUNE 1, 2019			
CLASS OF MILK	BUTTERFAT PRICE \$/Kg	SKIM MILK PRICE \$/Kg (Includes Levies)	
Class 1(a)1	\$7.4546	\$76.78	
Class 1(b)(i)	\$7.4546	\$62.55	
Class 1(c)	<i>Contract by contract basis in accordance with Western Milk Pool Innovation Program</i>		
Class 1(d)	\$7.4546	\$64.37	
CLASS OF MILK	BUTTERFAT PRICE \$/Kg	PROTEIN PRICE \$/Kg	OTHER SOLIDS PRICE \$/Kg
Class 1(a)2	\$7.4546	\$8.2231	\$8.2231
Class 2(a)	\$9.0506	\$6.0793	\$6.0793
Class 2(b)	\$9.0506	\$6.0793	\$6.0793
Class 3(a)	\$9.0506	\$14.0425	\$0.9057
Class 3(b)	\$9.0506	\$13.7794	\$0.9057
Class 3(c)1	\$9.0506	\$14.0425	\$0.9057
Class 3(c)2	\$9.0506	\$15.2163	\$0.9057
Class 3(d)	\$9.0296	\$9.9283	\$0.8794
Class 4(a)	\$9.0506	\$5.6235	\$5.6235
Class 4(b)	\$9.0506	\$5.6235	\$5.6235
Class 4(c)	<i>Contract by contract basis in accordance with Western Milk Pool Innovation Program</i>		
Class 4(d)	\$9.0506	\$5.6235	\$5.6235
Class 4(d)(i)	\$9.0506	\$5.6235	\$5.6235
Class 5(a)	\$7.4839	\$5.8662	\$0.5869
Class 5(b)	\$7.4839	\$2.3249	\$2.3249
Class 5(c)	\$7.2021	\$2.0215	\$2.0215
Class 5(d)	***	***	***
Class 7	As determined monthly by the Canadian Dairy Commission and published during the first full week of the following month.		

*Please note that as of September 1, 2018, protein will be billed to processors based on true protein instead of total (crude) protein (CMSMC decision D-20-2018 on July 26, 2018). The decision will affect measurement methods at processing plants, and as such, the prices for several milk sub-classes have been amended to acknowledge the change to true protein billing. In the context of special class pricing, this decision affects Class 5(a), where the protein price increases and the other solids price decreases.

*** As determined from time to time by agreement with the Canadian Dairy Commission.

MINIMUM ADVANCE PAYMENT
TO BE MADE BY POOL PARTICIPANT VENDORS
EFFECTIVE JUNE 1, 2019

\$53.1847 per hectolitre of skim milk
\$8.2153 per kilogram of butterfat

MINIMUM ADVANCE PAYMENT
TO BE MADE TO POOL PARTICIPANT PRODUCERS
EFFECTIVE JUNE 1, 2019

\$53.1847 per hectolitre of skim milk contained in the lesser of: A. The number of litres calculated as follows: <i>(Continuous Daily Quota x 15)</i> Producer's current <i>Butterfat Test</i> OR B. 95% of the number of litres of milk actually Delivered during the previous month divided by the number of days shipped for the previous month and multiplied by 15.
\$8.2153 per kilogram of butterfat calculated on the lesser of: A. The number of kilograms calculated as follows: <i>(Continuous Daily Quota x 15)</i> OR B. 95% of the number of kilograms of butterfat contained in the milk actually Delivered during the previous month divided by the number of days shipped for the previous month and multiplied by 15.

SCHEDULE 7 – LEVIES AND CHARGES

Producer Levies and Charges

1. Levies are fixed and imposed on each Producer as follows:
 - (a) \$0.25 per hectolitre of milk or cream Delivered by a Producer, for administration.

2. A regional marketing costs and losses charge is fixed and imposed on Producers as follows:
 - (a) where the Producer is situate in the Bulkley Valley:
 - (i) \$8.00 on each occasion that a Transporter attends at that Producer's Dairy Farm to receive milk into a tank milk truck; and
 - (ii) An amount equal to the difference between the Zone 4 rate for the current month and the provincial freight rate for that month, multiplied by the number of hectolitres of milk or cream Delivered by that Producer in excess of 100% of that Producer's within quota production as determined by the Board;
 - (b) where the Producer is situate in the Cariboo:
 - (i) \$8.00 on each occasion that a Transporter attends at that Producer's Dairy Farm to receive milk into a tank milk truck; and
 - (ii) An amount equal to the difference between the Zone 4 rate for the current month and the provincial freight rate for that month, multiplied by the number of hectolitres of milk or cream Delivered by that Producer in excess of 100% of that Producer's within quota production as determined by the Board;
 - (c) where the Producer is situate in the Fraser Valley:
 - (i) \$8.00 on each occasion that a Transporter attends at that Producer's Dairy Farm to receive milk into a tank milk truck; and

- (ii) \$0.00 per hectolitre of milk or cream Delivered by that Producer in excess of 100% of that Producer's within quota production as determined by the Board;
- (d) where the Producer is situate in the Kootenays:
 - (i) \$8.00 on each occasion that a Transporter attends at that Producer's Dairy Farm to receive milk into a tank milk truck; and
 - (ii) An amount equal to the difference between the Zone 6 rate for the current month and the provincial freight rate for that month, multiplied by the number of hectolitres of milk or cream Delivered by that Producer in excess of 100% of that Producer's within quota production as determined by the Board;
- (e) where the Producer is situate in the Okanagan:
 - (i) \$8.00 on each occasion that a Transporter attends at that Producer's Dairy Farm to receive milk into a tank milk truck; and
 - (ii) An amount equal to the difference between the Zone 7 rate for the current month and the provincial freight rate for that month, multiplied by the number of hectolitres of milk or cream Delivered by that Producer in excess of 100% of that Producer's within quota production as determined by the Board;
- (f) where the Producer is situate in the Peace River:
 - (i) \$8.00 on each occasion that a Transporter attends at that Producer's Dairy Farm to receive milk into a tank milk truck; and
 - (ii) An amount equal to the difference between the Zone 8 rate for the current month and the provincial freight rate for that month, multiplied by the number of hectolitres of milk or cream Delivered by that Producer in excess of 100% of that Producer's within quota production as determined by the Board;

- (g) where the Producer is situated on Vancouver Island:
 - (i) \$8.00 on each occasion that a Transporter attends at that Producer's Dairy Farm to receive milk into a tank milk truck; and
 - (ii) An amount equal to the difference between the Zone 2 rate for the current month and the provincial freight rate for that month, multiplied by the number of hectolitres of milk or cream Delivered by that Producer in excess of 100% of that Producer's within quota production as determined by the Board;
- (h) where the Producer is situated in a Remote Region, the Producer shall pay the regional marketing costs and losses levy applicable in the next closest region, plus the greater of:
 - (i) \$100.00 for each Delivery of milk or cream; or
 - (ii) \$2.30 per Transporter route kilometre for each Delivery of milk or cream, calculated at the distance between the Producer's Dairy Farm and the closest border of the next closest region.
- 3. A compensatory marketing costs and losses charge is fixed and imposed on Producers engaged in Organic Production in an amount equal to the actual cost for each Delivery of milk or cream from that Producer's Dairy Farm to the Dairy Plant receiving that Delivery, less the applicable regional marketing costs and losses charge.
- 4. A monthly charge is fixed and imposed on Producers in an amount per hectolitre of milk or cream reported or otherwise properly reportable by the Vendor as a Class 1(a)1, Class 1(a)2, Class 1(b)(i) or Class 1(c) product, as may be determined by Board resolution from time to time.
- 5. An annual charge of \$190.00 is fixed and imposed on each Producer operating under:
 - (a) a Class "C" Producer Licence and a Class "C-FED" Producer Licence; or
 - (b) a Class "D" Producer Vendor Licence;
- 6. An inspection charge of \$750.00 is fixed and imposed on each Producer for the third and for each subsequent farm inspection by the Board and/or proAction validation visit occurring within a 24 month period.

Vendor Levies and Charges

7. An annual charge of \$190.00 is fixed and imposed on each Vendor operating under:
 - (a) a Class "A" Vendor Licence and a Class "A-FED" Vendor Licence; or
 - (b) a Class "B" Vendor Licence.