SEPT. 26TH, 2013 7:30 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Nanaimo Listening Session - Summary

Attendees: Approximately 25 people. (one veterinarian; 1-2 bankers; producers)

Board & Guests: Jim Byrne, Ben Cuthbert, Zahra Abdalla-Shamji; Bob Ingratta; Jessica White, FIRB; David Coney, Ministry of Agri, Policy Manager

Key Inputs as it was heard:

- 1. #5 GEP should be only for new producers and not family succession
- 2. #5 Intergenerational transfer needs a new policy
- 3. #8 Producers must produce quota -10/10/10 is OK but need a credit transfer system for flexibility. Credit Transfer needed for production seasonal variance.
- 4. #11 Lease of farms is a concern? Need to address.
- 5. 10/10/10 is OK if ongoing producer but needs a 20% Credit Transfer
- 6. Credit Transfer should be 20% instead of going down to 10%
- 7. CIP rules need to be more flexible. Cannot purchase more quota to support innovation growth. Invest in PR etc but hard to get return without quota.
- 8. #3 General allotments OK recognizes investment of producers. All allocations should be transferable. Some assessment is OK
- 9. #5- GEP average dairy farm investment is millions. Needs new entrant support to start but commitment of 15 years to stay in industry.
- 10. GEP no agreement if should include intergenerational transfer
- 11. #6 Growth & Innovation use pro rata and transferable allocation to all. Innovation should be value added. Allocate dollars to support innovation (levy).

- Growth of innovation should be allocated to producers for the length of the program
- 12. Quota cap should not cap quota but continue current policy
- 13. #3 Support pro rata allocation is best.
- 14. #5 GEP is OK as is. Should stay in for 10 years at least. How deal with intergenerational transfer for GEP child. Overall OK to include intergenerational since child has expertise in dairy.
- 15. #8 10/10/10 need to free up more quota consider FIFO?
- 16. Intergenerational separate policy will allow more quota for new entrants and better chance of survival. Less quota to intergenerational children.
- 17. Help new entrants stay in business. Why is that? Provide a training internship program, before given quota. Mentorship program is it needed?
- 18. 10-15 years will see retiring farms and need succession planning for transition. Intergenerational program needed to keep viable farms in operation.
- 19. Some believe that a separate succession planning is not an area for Milk Board but limit discussion to should GEP be used for succession planning.
- Need to understand how many GEP are staying in are they succession or non Ag GEPs.
- 21. CIP- must stay in for 15 years seems fair based upon value of quota and investment and should be same for GEP.
- 22. Need to have policy to support intergenerational transfer and maintain viable farms.
- 23. Some believe that the current policy on quota is pretty good and quite satisfied. If it ain't broke don't fix it.

SEPT. 26TH, 2013 7:30 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Nanaimo Listening Session - Summary

Key Input Summary Points (in priority):

- 1. Question #5 GEP was major topic of discussion
 - Concern- should GEP be for new producers only or should GEP include family succession issues
 - Separate intergenerational transfer policy may be needed
 - Ensure new entrants commit to 15 years
 - No agreement if GEP should include family succession
 - Consider mentorship program
 - Succession planning is not a BCMMB concern

2. Question #8

- 10/10/10 is OK but must have Credit Transfers for production flexibility
- Credit Transfer should be 20%
- need to free up more quota consider FIFO

3. Question #3

- Pro rata allotment is fair best way
- Allotment should recognize the investment of producers (pro rata)

4. Question #6

- Growth & Innovation use assessment quota to support
- Consider a levy for innovation funding
- CIP rules need more flexibility to get quota for growth

5. Question #11

- No quota cap did not work in Ontario
- Leased farms is a concern (stated by one person but not explained)

OCT. 1ST, 2013 7:30 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Abbotsford Listening Session - Summary

Attendees: Approximately 62 people. (3 public – retired producer and dairy association members; 4- bankers; 2-processors; 1- public raw milk advocate; one consultant; balance were producers)

Board & Guests: Jim Byrne, Dick Klein Geltink, Tom Hoogendoorn, Cornelius Hertgers; Bob Ingratta

Key Inputs as it was heard:

- 1. Table 1 producers
- 2. Q # 11 If producer only producers 90% of quota then do not give them allocation. Allocate to who can produce.
- 3. Q#8 Use a Fall pricing incentive and continuous incentive days. Use over quota payment to only pay out in the fall as an incentive.
- 4. Q# 5 GEP should not have intergenerational GEPs. Must stay in the industry. Farmers' son can ship under his fathers IRMA and tank until growth to separate.

Table 2 – producer, consultant and banker

- 5. Q3 allocation should be sold and not free allocation and income used for promotion
- 6. Q5 intergenerational transfer expand exemptions to include nephews and nieces for succession and renewal
- 7. Q5 Look at farms other than corporate structure. Support Corporate structure for farms and succession.
- 8. Q8 CDQ benefit is that it has reduced trading of cattle at the deadline date for a quota year. Use penalties for non-production and limit use of incentives.

9. Q8- FIRB should evaluate long-term impact on policies such as 10/10/10

Table 3 – producers & processors

- 10. Q2 Differential Allocation is growth from specialty real or a shift from conventional. Did it really grow the entire market
- 11. Q2 concern on organic sleeve and is it transparent. Specialty products is a difficult entry. Can Board help link producers with processors to market specialty.
- 12. Q 8 Better predict consumer needs to project supply (quota) requirements. Consider a sliding scale of flexibility increase over days if need milk and reduce -15 days if too much milk.
- 13. Q9 Quota Exchange eliminate 10/10/10 or modify to 20% per year. Consider only private quota trades and not quota exchange. No agreement on this. Whole farm transfers limit of only 50% transfer is not enough to keep the farm viable.

Table 4 – producers and BCDA

- 14. Q5- Should only transfer quota to immediate family. Should be a different IRMA number. Make sure quota goes to people that want to produce
- 15. Q3 Allocate based on 50% to each farm and 50% based on size (kg) instead of pro-rata. Quota allocation should be tied to fill rate by producer.
- 16. Q10 Quota has no value and under control of Board is OK. Producers are responsible to produce it.

Table 5 – Banks and producers

- 17. Q10 -Contradiction at Board and FIRB level re value of quota. Don't understand how quota has no value but has clearing price on the exchange and requires assessments.
- 18. Q3 Allocation match retraction with allotment or allocate based upon volume produced.
- 19. Q2 At what point do we see specialty as a mature industry?

- 20. Q5 Intergenerational transfers how balance a new entrant with people in the system. How deal with step-child. What about non-family members who work on the farm how to transfer if no other family.
- 21. Q5 intergenerational transfer should help new entrants. Assess who qualifies for GEP? Reconsider corporate farms exempt transfer criteria.
- 22. Q10 Quota has value or not Exchange since milk board has control of quota exchange then why do they put value on it.
- 23. Q10 Recognize value of quota on exchange but not Credit Transfer. Confusion on value of quota and banks consider it as equity. Board accepts assignment on quota.

Table 6 – producers and banker

- 24. Q 1- Going concern inhibits quota transfer change to require quota stays on farm for years.
- 25. Q7 Quota policy on incentive days inhibits planning. Incentive days do not allow planning. Incentives should not be allowed for producers that do not produce allotted quota.
- 26. Q6 10/10/10 penalizes quota availability -if sell then penalty to buy back when needed or can afford it.

Table 7 – producers and public (retired producer)

- 27. Q3 Allocation by 50/50 would not be equitable since levies, etc are on volume basis. Thus pro rata is equitable and fair.
- 28. Q8 Obligation to produce need to get under producers to better manage and consider flexibility change (no agreement). Quota swap (Credit transfers) with lower limit to 10% is OK but should not be lower. Need Credit Transfer policy to manage natural variability of cows.
- 29. Q10 Improve understanding of Quota ownership by govn;t and clarify in CO
- 30. Q11 Quota transfer process with respect to family farms. How to improve succession planning and corporation transfers. Board needs to allow family corporate farms to allow normal business and succession planning. Board views on corporate transfers do not follow legal rules of corporate shares.

31. Q11 – Do not support quota price cap like Ontario since value of quota goes on something else on farm. It displaces quota price to something else.

Table 8 – producers, raw milk advocate

- 32. Q1 Concern on farm size. Current polices seem to be working but concern on 10/10/10 recommend FIFO vs LIFO
- 33. Q1 Credit Transfer needed and maintain at 10% swap (credit transfer).
- 34. Q1- pay more for higher quality milk
- 35. Q11- No quota price cap
- 36. Q8-FIRB needs to develop new 10/10/10 policy that considers long-term impact and not a repeat of 10/10/10.

Table 9 – bankers and producers and processor

- 37. Q1 Concern on reduced number of farms. Pro rata gives advantage to larger farms.
- 38. Q6 Growth & innovation lacks fluid milk innovation versus industrial. Need more incentive programs for fluid milk. How do we ID trends early?
- 39. Q5 what is intent of GEP. Should it restrict intergenerational transfers? More support for CIP programs.

Table 10 – producers

- 40. Q 1 Allocation should remain as pro rata since reflects with other check-offs.
- 41. Q5 GEP is good but concern on intergenerational. Should not allow intergenerational GEP but should not penalize a farmers child by not allowing it.
- 42. Q5 Intergenerational GEPs already benefit from no assessment.
- 43. Q3 Allotments only on a special exchange with cap price and 10/10/10. Makes it available to those who want it.
- 44. Q6- Whole farm transfers allow to keep all quota on the farm rather than only 50% of quota keeps farm viable.

- 45. Q11- Price Cap on Quota if on the exchange but the rest of quota could be any price.
- 46. Q11 Disappointed that FIRB was not here.
- 47. Q6 -Consider if merged farm then 50% on exchange but if quota stays on the farm then all quota stays with it for some time.

OCT. 1ST, 2013 7:30 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Abbotsford Listening Session - Summary

- 1. Question #5 GEP had the most comments.
 - GEP should not allow intergenerational but allow farmer's sons/daughters to use same tank and IRMA until grow enough to separate.
 - Expand exemption for intergenerational transfers to include nieces and nephews.
 - Adapt policy to recognize transfers within corporate farms without assessment for intergenerational transfers
 - Should only transfer quota to immediate family. Should be a different IRMA number. Make sure quota goes to people that want to produce
 - Intergenerational transfers how balance a new entrant with people in the system. How deal with step-child. What about non-family members who work on the farm how to transfer if no other family.
 - intergenerational transfer should help new entrants. Assess who qualifies for GEP? Reconsider corporate farms exempt transfer criteria.
 - what is intent of GEP. Should it restrict intergenerational transfers? More support for CIP programs.
 - Intergenerational GEPs already benefit from no assessment.
- 2. Question #1 (Questions 1,8, and 11 had equal number of comments)
 - Going concern inhibits quota transfer change to require quota stays on farm for years.
 - Concern on farm size. Current polices seem to be working but concern on 10/10/10 – recommend FIFO vs LIFO
 - Credit Transfer needed and maintain at 10% swap (credit transfer).
 - pay more for higher quality milk
 - Concern on reduced number of farms. Pro rata gives advantage to larger farms.
 - Allocation should remain as pro rata since reflects with other check-offs.

3. Question #8 – Production of Quota and enforcement of obligation

- Use a Fall pricing incentive and continuous incentive days. Use over —quota payment to only pay out in the fall as an incentive.
- CDQ benefit is that it has reduced trading of cattle at the deadline date for a quota year. Use penalties for non-production and limit use of incentives.
- FIRB should evaluate long-term impact on policies such as 10/10/10
- Better predict consumer needs to project supply (quota) requirements.
 Consider a sliding scale of flexibility increase over days if need milk and reduce -15 days if too much milk.
- Obligation to produce need to get under producers to better manage and consider flexibility change (no agreement). Quota swap (Credit transfers) with lower limit to 10% is OK but should not be lower. Need Credit Transfer policy to manage natural variability of cows.
- FIRB needs to develop new 10/10/10 policy that considers long-term impact and not a repeat of 10/10/10.

4. Question #11 – Other issues to consider

- Quota transfer process with respect to family farms. How to improve succession planning and corporation transfers. Board needs to allow family corporate farms to allow normal business and succession planning. Board views on corporate transfers do not follow legal rules of corporate shares.
- Do not support quota price cap like Ontario since value of quota goes on something else on farm. It displaces quota price to something else.
- No quota price cap
- Price Cap on Quota if on the exchange but the rest of quota could be any price.
- Disappointed that FIRB was not here.

5. Question # 3 – Pro rata allocation

- allocation should be sold and not free allocation and income used for promotion
- Allocate based on 50% to each farm and 50% based on size (kg) instead of pro-rata. Quota allocation should be tied to fill rate by producer.
- Allocation match retraction with allotment or allocate based upon volume produced.
- Allocation by 50/50 would not be equitable since levies, etc are on volume basis. Thus pro rata is equitable and fair.
- Allotments only on a special exchange with cap price and 10/10/10. Makes it available to those who want it.

6. Question #10 – Quota principle of no value

- Quota has no value and under control of Board is OK. Producers are responsible to produce it.
- Contradiction at Board and FIRB level re value of quota. Don't understand how quota has no value but has clearing price on the exchange and requires assessments.
- Quota has value or not Exchange since milk board has control of quota exchange then why do they put value on it.
- Recognize value of quota on exchange but not Credit Transfer. Confusion on value of quota and banks consider it as equity. Board accepts assignment on quota.
- Improve understanding of Quota ownership by govn;t and clarify in CO

7. Question #6 Support growth & innovation

- 10/10/10 penalizes quota availability -if sell then penalty to buy back when needed or can afford it.
- Growth & innovation lacks fluid milk innovation versus industrial. Need more incentive programs for fluid milk. How do we ID trends early?
- Whole farm transfers allow to keep all quota on the farm rather than only 50% of quota keeps farm viable.
- Consider if merged farm then 50% on exchange but if quota stays on the farm then all quota stays with it for some time.

8. Question #2 Differential growth and specialty products

- Differential Allocation is growth from specialty real or a shift from conventional. Did it really grow the entire market
- concern on organic sleeve and is it transparent. Specialty products is a difficult entry. Can Board help link producers with processors to market specialty.
- At what point do we see specialty as a mature industry?

OCT. 7TH, 2013 11:00 AM-2:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Bulkley Valley - Smithers, Listening Session - Summary

Attendees: 15 people. All producers. Only two farms in region were missing.

Board & Guests: Tom Hoogendoorn, Cornelius Hertgers; Bob Ingratta

Key Inputs as it was heard:

- 1. Table 1 producers
- 2. Q 1 Current allotment favours large farms. Is there a way to give more to small farms. Perhaps use 50% based on size and 50% pro rata.
- 3. Q 1- Whole farm transfers should small farms be able to sell 100% of quota with the farm instead of only 50% as per current policy. Would not be fair to allot difference by region.
- 4. Q 8 Change 10/10/10 to 5 year scale for better planning. Eg. 20/5. If not producing quota over certain time (3-5 years) then do not allot quota versus deemed.
- 5. Q5- Intergenerational transfers. Broaden the family tree to transfer to cousins or nephews/nieces.
- 6. Q5 GEPs limit of 25 kg should be increased to 35 kg to be more viable.
- 7. Q 5 Quota exchange producers need to insure bond on potential quota purchase which causes producers to pay banks but may not get quota.
- 8. Q10- No real concerns on quota has no value.
- Q 11- No price Cap on quota like Ontario. Does not work in Ontario and prefer current BC system.

- 10. Table 2 producers
- 11. Q1 10/10/10 LIFO would prefer straight assessment instead. Would like to know what status of producer quota under 10/10/10.
- 12. Q4 & 5 GEPs Credit transfer limit of 10% should be higher for small producers. Currently better for GEP to have quota deemed than to swap out.
- 13. Q5 GEP Hold some of allotment quota for GEPs instead of all through prorata.
- 14. Q5 GEPs list is long and not open how to increase GEPs?
- 15. Q5 Intergenerational transfers consider widen the family tree exemption or include long-time farm labourer to keep farm viable.
- 16. Q11 price Cap for Quota would not be beneficial, Eg. Ontario experience. However the cost of Quota is a problem for expansion or GEPs.
- 17. Q1 -Whole farm transfer limit of 50% transfer is not viable for small farms.

 Outlying regions need all quota with whole farm transfer to keep farm viable in the region.
- 18. Q9 Quota exchange- can small farms have priority to get bank bond for maximum bid.
- 19. Q6 Innovation quota DDPIP Is not viable in Smithers since cannot get access to special feed or keep milk separate.

Table 3 - producers

- 20. Q 3 prefer 50 % on farm and 50% size instead of pro rata.
- 21. Q6 Innovation Not viable to enter organic market unless a cooperative approach in the region. However most producers are following organic requirements now but not certified. (some did not agree)
- 22. Q5 New Entrant GEPs- need to change wait time to 1-2 years. Wait is too long and do not need to provide as much quota for GEPs. Less quota is harder but less abuse. Idea- provide quota for short term and then claw- back.

- 23. Q1 Whole farm 50% assessment does not make it viable for small farms in Smithers region and keeping farms in the region.
- 24. Q1 Definition of health dairy industry is more producers. Thus need policies for new producers or help small farms grow. Eg. How quota is allotted and how the exchange is run. More priority for exchange for small farms. Better define what is a sustainable, viable farm. Use KPMG to assess this?
- 25. Q8 Increase Credit Transfer to help small farms and production variability. Credit Transfer needed to produce demand. Producer must have a minimum production before allowed to use swap. If swap out 15% then cannot swap in. Should be able to swap in as well and not limit. Swap needs to be more flexible but limit abuse. Keep CDQ system and the minimum would be established.
- 26. Q9 Quota Exchange change to reduce the price of quota if 50% fill not cleared after 3 exchanges.
- 27. Q9 Quota exchange based upon two round bids. First round to provide 50% of available quota based portion of bid then second round divided among all the bidders. Or consider one round and filling low bids first and divide the rest of available quota among the rest of bidders. Eg. bids of 5 5 10 15 30 with a total available of 50 kgs. Fill the first three bidders and last two get 15 kgs.
- 28. Q8 10/10/10 policy is not needed. Reason for 10/10/10 is to ensure quota is produced. Allow allotments to be put through the exchange so that it would be produced. Getting rid of 10/10/10 puts more quota on the exchange.
- 29. Q8 Credit Transfer change from private trades and variable price to Board set a price on credit transfers but still private trades system.
- Q8 Support reduced flexibility of days but increase (swap) Credit Transfer limit.
- 31. Q5 Give GEPs 1-3 years to start to allow more time to get ready.

OCT. 7TH, 2013 11:00 AM-2:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Bulkley Valley – Smithers, Listening Session - Summary

- 1. Question #5 GEP and intergenerational transfer had the most comments.
 - Intergenerational transfers. Broaden the family tree to transfer to cousins or nephews/nieces.
 - GEPs limit of 25 kg should be increased to 35 kg to be more viable.
 - Quota exchange producers need to insure bond on potential quota purchase which causes producers to pay banks but may not get quota.
 - Credit transfer limit of 10% should be higher for small producers. Currently better for GEP to have quota deemed than to swap out.
 - GEP Hold some of allotment quota for GEPs instead of all through pro rata.
 - GEPs list is long and not open how to increase GEPs?
 - Intergenerational transfers consider widen the family tree exemption or include long-time farm labourer to keep farm viable.
 - New Entrant GEPs- need to change wait time to 1-2 years. Wait is too long and do not need to provide as much quota for GEPs. Less quota is harder but less abuse. Idea- provide quota for short term and then claw- back.
 - Give GEPs 1-3 years to start to allow more time to get ready.

OCT. 7TH, 2013 11:00 AM-2:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Bulkley Valley – Smithers, Listening Session - Summary

- 2. Question #1 Current Quota allocation to support range of farm sizes.
 - Current allotment favours large farms. Is there a way to give more to small farms. Perhaps use 50% based on size and 50% pro rata.
 - Whole farm transfers should small farms be able to sell 100% of quota with the farm instead of only 50% as per current policy. Would not be fair to allot difference by region.
 - 10/10/10 LIFO would prefer straight assessment instead. Would like to know what status of producer quota under 10/10/10.
 - Whole farm transfer limit of 50% transfer is not viable for small farms.
 Outlying regions need all quota with whole farm transfer to keep farm viable in the region.
 - Whole farm 50% assessment does not make it viable for small farms in Smithers region and keeping farms in the region.
 - Definition of health dairy industry is more producers. Thus need policies for new producers or help small farms grow. Eg. How quota is allotted and how the exchange is run. More priority for exchange for small farms. Better define what is a sustainable, viable farm. Use KPMG to assess this?
 - prefer 50 % on farm and 50% size instead of pro rata.

OCT. 7TH, 2013 11:00 AM-2:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Bulkley Valley – Smithers, Listening Session - Summary

- 3. Question #8 Quota obligation to produce milk and flexibility for production.
 - Increase Credit Transfer to help small farms and production variability. Credit
 Transfer needed to produce demand. Producer must have a minimum
 production before allowed to use swap. If swap out 15% then cannot swap
 in. Should be able to swap in as well and not limit. Swap needs to be more
 flexible but limit abuse. Keep CDQ system and the minimum would be
 established.
 - 10/10/10 policy is not needed. Reason for 10/10/10 is to ensure quota is produced. Allow allotments to be put through the exchange so that it would be produced. Getting rid of 10/10/10 puts more quota on the exchange.
 - Credit Transfer change from private trades and variable price to Board set a price on credit transfers but still private trades system.
 - Support reduced flexibility of days but increase (swap) Credit Transfer limit.
 - Change 10/10/10 to 5 year scale for better planning. Eg. 20/5. If not producing quota over certain time (3-5 years) then do not allot quota versus deemed.

OCT. 7TH, 2013 11:00 AM-2:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Bulkley Valley - Smithers, Listening Session - Summary

Key Input Summary Points (in priority):

- 4. Question # 9 Quota Exchange
 - Quota exchange- can small farms have priority to get bank bond for maximum bid.
 - Quota Exchange change to reduce the price of quota if 50% fill not cleared after 3 exchanges.
 - Quota exchange based upon two round bids. First round to provide 50% of available quota based portion of bid then second round divided among all the bidders. Or consider one round and filling low bids first and divide the rest of available quota among the rest of bidders. Eg. bids of 5 5 10 15 30 with a total available of 50 kgs. Fill the first three bidders and last two get 15 kgs.

5. Question #11 - Other issues

- No price Cap on quota like Ontario. Does not work in Ontario and prefer current BC system.
- Price Cap for Quota would not be beneficial, Eg. Ontario experience. However the cost of Quota is a problem for expansion or GEPs.

6. Question #6 - Innovation & Growth

- Innovation quota DDPIP Is not viable in Smithers since cannot get access to special feed or keep milk separate.
- Innovation Not viable to enter organic market unless a cooperative approach in the region. However most producers are following organic requirements now but not certified. (some did not agree)

7. Question #3 - Pro rata allocation

- prefer 50 % on farm and 50% size instead of pro rata.

OCT. 7TH, 2013 7:00 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Cariboo & Peace River - Prince George, Listening Session - Summary

Attendees: 10 producers (6 out of 8 farms in region) and 2 Board members

Board & Guests: Tom Hoogendoorn, Cornelius Hertgers; Bob Ingratta

Paul Davidson, BCDA rep for region

Key Inputs as it was heard:

- 1. Table 1 producers
- 2. Q 11- Is Board considering controlling price of Quota like P5? Do not want a price cap like Ontario.
- 3. Q 7- Over-quota position producers should not have to pay full freight rate. Should have equal freight rate for all production. Outlying region gets greater penalty on freight.
- 4. Q 7- Flexibility days of 5 to -15 is good.
- 5. Q 5- Open GEP list as soon as possible.
- 6. Q 5- Intergenerational transfer improve the family corporate farm transfer structure for broader exemptions.
- 7. Table 2 producers
- 8. Q9 Quota exchange 50 % on exchange and 50% with whole farm. Whole farm transfer with only 50% is not a viable farm. Want to keep all quota on farm so that can sell a going concern. Commit to producing milk. Distance of farms in the north requires ablility to merge or move the quota to home farm.

- 9. Q8 Obligation to produce -10/10/10 limits the quota available for sale. Should allow purchasing quota for swaps.
- 10. Q8 Consider a mandatory sleeve for production variability.
- 11. Q7 -Incentive days are good but need more notice to respond.
- 12. Q5 -New entrant program get rid of current list and start over with a lottery system. (like chicken)
- 13. Q5 Allow new entrant to buy a going concern with all of the quota. Allow a private contract purchase with maybe a time requirement for production.
- 14. Q5 GEP should get more quota and start less GEPs. How can GEPs be more viable?
- 15. Q6 What happens to all the assessments need accountability for quota. Should be in the annual report.
- 16. Q11 Generally the system is working well.
- 17. Q 11- Need to keep mail system since some producers do not use internet or tv for religious reasons.

OCT. 7TH, 2013 7:00 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Cariboo & Peace River – Prince George, Listening Session - Summary

- 1. Question #5 GEP had the most comments.
 - Open GEP list as soon as possible.
 - Intergenerational transfer improve the family corporate farm transfer structure for broader exemptions.
 - New entrant program get rid of current list and start over with a lottery system. (like chicken)
 - Allow new entrant to buy a going concern with all of the quota. Allow a private contract purchase with maybe a time requirement for production.
 - GEP should get more quota and start less GEPs. How can GEPs be more viable?
- 2. Question #7 Quota policies for production and types of penalities.
 - Over-quota position producers should not have to pay full freight rate.
 Should have equal freight rate for all production. Outlying region gets greater penalty on freight.
 - Flexibility days of 5 to -15 is good.
 - Incentive days are good but need more notice to respond.
- 3. Question #11 Other issues
 - Is Board considering controlling price of Quota like P5? Do not want a price cap like Ontario.
 - Generally the system is working well.
 - Need to keep mail system since some producers do not use internet or tv for religious reasons.

OCT. 7TH, 2013 7:00 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Cariboo & Peace River – Prince George, Listening Session - Summary

- 4. Question #8 Quota obligation to produce milk & production flexibility
 - Obligation to produce 10/10/10 limits the quota available for sale. Should allow purchasing quota for swaps.
 - Consider a mandatory sleeve for production variability.
- 5. Question 9 & 6 Quota Exchange & Innovation
 - Quota exchange 50 % on exchange and 50% with whole farm. Whole farm transfer with only 50% is not a viable farm. Want to keep all quota on farm so that can sell a going concern. Commit to producing milk. Distance of farms in the north requires ablility to merge or move the quota to home farm.
 - What happens to all the assessments need accountability for quota. Should be in the annual report.

OCT. 8TH, 2013 7:30 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Fraser Valley - Chilliwack- Listening Session - Summary

Attendees: 66 people – 56 producers, one media, 4 banks, 3- BCDA

Board & Guests: Jim Byrne, Tom Hoogendoorn, Walter Goerzen, Cornelius Hertgers

Bob Ingratta; Andy Dolberg, BCFIRB; David Schmidt - media

Staff – Rob Delage, BCMMB; BCDA - Dave Taylor, Paul Hargreaves, Carla Soutar

Key Inputs as it was heard:

- 1. Table 1 producers, one banker
- 2. Q3 Pro rata is good and is most fair.
- 3. Q5 GEP not enough quota to start; ensure time limit, need 40-50 kg to start
- 4. Q 9 Quota exchange does not have enough quota. Lower price if no quota on exchange; allow 50/50
- 5. Table 2 producers
- 6. Q10 Quota has no value? Not consistent with policy and banks lend on quota. No solutions to statement but do not understand.
- 7. Q5 GEP need to get renewal with new producers but not a succession tool. Not board job to make GEP successful.
- 8. Q3- pro rata allocation is OK
- 9. Q2 differential quota for specialty one system would be better.
- 10. Q11 Price cap for quota simplify milk board statement. If under quota then should have penalty. What is the definition of family need to broaden exemption to keep farms viable as a going concern.

- 11. Table 3 producers
- 12. Q9 should be able to bid for quota. Reconsider need for a bank letter.
- 13. Q9 Want whole farm transfer with all the quota remaining with the farm and not 50% on the exchange.
- 14. Q11 No quota price cap like Ontario.
- 15. Q 3 pro rata is good. Maybe require to apply for the allocation if want it.
- 16. Q11 More communication and mass emailing from milk board. Consider chicken board communication methods.
- 17. Q11 Extend definition of family farm to expand exemptions.
- 18. Table 4 producers
- 19. Q 3 support pro rata allocation. Levy based on production so should be pro rata allocation as well.
- 20. Q7 10/10/10 LIFO is a problem and needs to be eliminated. Swap helps with managing production. Need swaps for flexibility of production management.
- 21. Q9 Quota exchange needs more quota. 50% whole farm transfer is OK unless it stays on the farm. If quota stays on the farm then all quota should stay with it
- 22. Q 11 no quota price cap.
- 23. Q 11 Improve communication If say on web then it needs to be on the web not the next day.
- 24. Table 5 producers
- 25. Q3 pro rata allotment is OK
- 26. Q5 limit amount of quota for GEPs. GEPs should be limited for 5 years on how much quota can be added from parents.
- 27. Q9 quota exchange is ok.
- 28. Q9 should maintain 50% to the exchange for whole farm transfers.
- 29. Q 10 No value of quota gap between legal and practical.

- 30. Table 6 3 bankers & 3 producers
- 31. Q 4 New entrants should have more criteria to be on list and consider a lottery. Need legitimate new entrants not sons or daughters.
- 32. Q 4 New entrants should not be succession tool. Need separate policy.
- 33. Q8 Change LIFO; going concern policy should change to 25% on exchange and 75% stay with the farm.
- 34. Q8- Require farmers to stay for 5 years for going concern transfers.
- 35. Q 11 no quota price cap
- 36. Table 7 banker, producers and retired producer
- 37. Q5 GEPs creates inefficient business model. Accelerate list and start only new entrants only through private treaty.
- 38. Q3 no allocation if do not produce credit days.
- 39. Q8 Credit transfer must be used in a certain time period. 10/10/10 if eliminate it then eliminate swap as well. If keep 10/10/10 then need swap (credit transfer)
- 40. Table 8 media & producers
- 41. Q 5 No GEPs for intergenerational transfers. Make it non-transferable quota for GEPs.
- 42. Q 5 Broaden family definition and allow key labourers to be exempt as well, etc
- 43. Q11 No Quota price cap
- 44. Q 9 50/50 rule for whole farm transfer— no agreement but it favours large farms
- 45. Q3 Use specialty sleeve system for all. Give allocation to producers that would produce it. If produce then get more quota cystallized.
- 46. Table 9 producers & 2 BCDA
- 47. Q5 GEPs list is too long. Need new policy for intergenerational transfer for modern family.
- 48. Q5- What is desired outcome for GEPs. Need more communication for why GEPs

- 49. Q7 Remember why producing for processors & consumers
- 50. Q8 10/10/10 only benefits those selling out.
- 51. Q11 Overall, the system is pretty good. We do not like Ontario system.
- 52. Q11 What is disincentive day and impact of it? Causes animal loss and costs.
- 53. Q5 Consider farm transfers to exempt long-time labourers as well. Allow key investors and qualified people, labourers to bring into the farm as exempt transfers.
- 54. Q5 Do away with the GEP program.
- 55. MMPA summary comments The system is not broken. Like the consultation process and keep the dialogue going before a decision. BCMMB does pretty good job.

OCT. 8TH, 2013 7:30 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Fraser Valley- Chilliwack, Listening Session - Summary

- 1. Question #5 GEP & succession planning had significant comments.
 - GEP not enough quota to start; ensure time limit, need 40-50 kg to start
 - GEP need to get renewal with new producers but not a succession tool. Not board job to make GEP successful.
 - limit amount of quota for GEPs. GEPs should be limited for 5 years on how much quota can be added from parents.
 - GEPs creates inefficient business model. Accelerate list and start only new entrants only through private treaty.
 - No GEPs for intergenerational transfers. Make it non-transferable quota for GEPs.
 - Broaden family definition and allow key labourers to be exempt as well, etc.
 - GEPs list is too long. Need new policy for intergenerational transfer for modern family.
 - Consider farm transfers to exempt long-time labourers as well. Allow key investors and qualified people, labourers to bring into the farm as exempt transfers.
 - Do away with the GEP program.
 - New entrants should not be succession tool. Need separate policy.

OCT. 8TH, 2013 7:30 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Fraser Valley- Chilliwack, Listening Session - Summary

Key Input Summary Points (in priority):

- 2. Question #11 primarily concern on Ontario system
 - Price cap for quota simplify milk board statement. If under quota then should have penalty. What is the definition of family need to broaden exemption to keep farms viable as a going concern.
 - No quota price cap like Ontario.
 - Extend definition of family farm to expand exemptions.
 - no quota price cap. (stated several times)
 - Overall, the system is pretty good. We do not like Ontario system.
 - What is disincentive day and impact of it? Causes animal loss and costs.

3. Question #3 -

- Pro rata is good and is most fair.
- pro rata allocation is OK
- pro rata is good. Maybe require to apply for the allocation if want it.
- support pro rata allocation. Levy based on production so should be pro rata allocation as well.
- no allocation if do not produce credit days.
- Use specialty sleeve system for all. Give allocation to producers that would produce it. If produce then get more quota cystallized.

OCT. 8TH, 2013 7:30 PM-10:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Fraser Valley- Chilliwack, Listening Session - Summary

Key Input Summary Points (in priority):

4. Question #9

- Quota exchange does not have enough quota. Lower price if no quota on exchange; allow 50/50
- Want whole farm transfer with all the quota remaining with the farm and not 50% on the exchange.
- Quota exchange needs more quota. 50% whole farm transfer is OK unless it stays on the farm. If quota stays on the farm then all quota should stay with it.
- quota exchange is ok.
- should maintain 50% to the exchange for whole farm transfers.
- 50/50 rule for whole farm transfer no agreement but it favours large farms

5. Question # 7 &8 - production of quota

- 10/10/10 LIFO is a problem and needs to be eliminated. Swap helps with managing production. Need swaps for flexibility of production management.
- Change LIFO; going concern policy should change to 25% on exchange and
 75% stay with the farm.
- Require farmers to stay for 5 years for going concern transfers.
- Credit transfer must be used in a certain time period. 10/10/10 if eliminate it then eliminate swap as well. If keep 10/10/10 then need swap (credit transfer)
- 10/10/10 only benefits those selling out.

OCT. 9TH, 2013 10:00 AM-12:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Okanagan - Salmon Arm, Listening Session

Attendees: Total of 49 people; 42 producers; 2 BMO

Board & Guests: Ben Cuthbert and Dick Klein Geltink

BCFIRB - Carrie Manarin; BCDA - Trevor Hargreaves and Ken Vandeburgt

Kootenays – Creston, Listening Session, Oct. 10, 2013

Attendees: Total of 12 people; 8 producers (one producer/processor –CIP)

Board & Guests: Walter Goerzen and Cornelis Hertgers

BCDA – Trevor Hargreaves and Ken Vandeburgt

Key Inputs as it was heard:

- 1. Table 1 producers
- 2. Q3 Pro rata allocation Current policy should benefit smaller producers; consider 50% on size of farms and 50% number of farms. Claw back may need to be different for small farms.
- 3. Q10 Quota has no value is confusing. BCMMB managing quota well. Do not need more rules around managing quota maybe too complicated.
- 4. Q4- GEPs or new entrants Program needs to be changed. Need to give more quota to make new entrants more viable. Consider 30 kgs and make it non-transferable in case new entrant quits. Allow to transfer within family tree.
- 5. Table 2 producers, new entrant DDPIP

- 6. Q6 New entrant of 4 kgs purchase is big commitment. Like DDPIP and program working well. Woody is very helpful. CIP of 2.47 kg is tough to purchase plus a farm. Consider one month processing before allocation instead of 3 months.
- 7. Q3 Consider 50/50 versus pro rata to help small producer. If producer does not produce (under quota) then should not get allocation.
- 8. Q 4- New entrant maybe consider allowing two bulk tanks with different IRMA to help start.
- 9. Table 3 producer, banker and multi-generation farms
- 10. Q3 consider 50/50 instead of pro rata. Would help smaller farms grow.
- 11. Q4 New entrants positive benefit with minor problems. Allow more quota for GEP to get started.
- 12. Table 4 producers
- 13. Q1 BCMMB doing an excellent job and supporting multi-generation farms. Consider a 2% reserve on incentive days and only give quota to those who produce. Only allocate to producers that use incentive days.
- 14. Q4 GEP should change from 20 to 30 kg. Encourage GEP to start as organic and give them 5000 kg more incentive to start as organic.
- 15. Q2 Producers should have more access to DDPIP and specialty (eg life-style milk) production opportunity.
- 16. Q3 Prefer 50/50 versus pro rata but also retraction the same way. This will benefit smaller farms.
- 17. Table 5 producers and one banker
- 18. Q 10- Quota has no value current policies are Ok for this.
- 19. Q1 Support the policy to limit 5% maximum quota ownership for individuals. Concern on large farms impact on supply, financial, disease etc. Do not change policy same for all.
- 20. Q3- mixed positions on pro rata allocation.

- 21. Q4 New entrant wait list is too long. Should allow exemption for family or GEP but not both. Better to support current dairy person involved in production . Provide 5 more kgs to help start GEPs.
- 22. Q9 Whole farm sale of 50% on exchange does not allow a viable farm to remain.
- 23. Table 6 producers and intergenerational farms
- 24. Q5 New entrants should bring new farms and not family roll-over. Succession planning should be broader to allow among siblings and nephews/ nieces, grandchild etc.
- 25. Q5 Intergenerational transfer is a family issue not BCMMB. Board should not hinder succession planning.
- 26. Q 7 Boards monthly statement is confusing. Maybe consider a daily BF report to help planning. Need more notice for Incentive Days. Announce Feb Mar each year for Incentive days for the year.
- 27. Q 7 Consider shorter flexibility eg less minus days
- 28. Table 7 producers
- 29. Q11- BCMMB overall managing well
- Q3 Consider 50/50 allocation instead of pro rata. Size of herds capped to size of provincial growth
- 31. Q2 Specialty (life-style milk) should be same policy for all.
- 32. Q4 New entrants increase quota to 5 kgs more. Start at 20 kg and then matching. Family transfer to GEP should be 5% assessment.
- 33. Q 5 Board should consider broaden the exemption but not to designated key employees. No farm mergers.
- 34. Q 9 Consider allow private treaty quota transfer for more access. Some prefer to keep all on quota exchange.

OCT. 9TH, 2013 10:00 AM-12:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Okanagan – Salmon Arm, Listening Session, Oct. 9, 2013

Kootenays – Creston, Listening Session, Oct. 10, 2013

Key Input Summary Points (in priority):

- 1. Question #3 Pro rata allocation
 - Pro rata allocation Current policy should benefit smaller producers;
 consider 50% on size of farms and 50% number of farms. Claw back may need to be different for small farms.
 - Consider 50/50 versus pro rata to help small producer. If producer does not produce (under quota) then should not get allocation.
 - consider 50/50 instead of pro rata. Would help smaller farms grow.
 - Prefer 50/50 versus pro rata but also retraction the same way. This will benefit smaller farms.
 - mixed positions on pro rata allocation.
 - Consider 50/50 allocation instead of pro rata. Size of herds capped to size of provincial growth

2. Question # 4 – New Entrants program

- GEPs or new entrants Program needs to be changed. Need to give more quota to make new entrants more viable. Consider 30 kgs and make it non-transferable in case new entrant quits. Allow to transfer within family tree.
- New entrant maybe consider allowing two bulk tanks with different IRMA to help start.

 New entrants – positive benefit with minor problems. Allow more quota for GEP to get started.

BRITISH COLUMBIA MILK MARKETING BOARD QUOTA POLICY & GOVERNANCE CONSULTATION

OCT. 9TH, 2013 10:00 AM-12:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Okanagan – Salmon Arm & Creston, Listening Sessions

Key Input Summary Points (in priority):

Number 2 priority continued - Question # 4 – New Entrants program

- GEP should change from 20 to 30 kg. Encourage GEP to start as organic and give them 5000 kg more incentive to start as organic.
- New entrant wait list is too long. Should allow exemption for family or GEP but not both. Better to support current dairy person involved in production. Provide 5 more kgs to help start GEPs.
- New entrants increase quota to 5 kgs more. Start at 20 kg and then matching. Family transfer to GEP should be 5% assessment.

3. Question # 5 – GEPs

- New entrants should bring new farms and not family roll-over. Succession planning should be broader to allow among siblings and nephews/ nieces, grandchild etc.
- Intergenerational transfer is a family issue not BCMMB. Board should not hinder succession planning.
- Board should consider broaden the exemption but not to designated key employees. No farm mergers.

OCT. 9TH, 2013 10:00 AM-12:00PM

QUOTA POLICY & GOVERNANCE CONSULTATION

Okanagan - Salmon Arm and Creston, Listening Session

- 4. Questions 1,2,7,9, and 10 (equal number of comments)
 - BCMMB doing an excellent job and supporting multi-generation farms. Consider a 2% reserve on incentive days and only give quota to those who produce. Only allocate to producers that use incentive days.
 - Support the policy to limit 5% maximum quota ownership for individuals.
 Concern on large farms impact on supply, financial, disease etc. Do not change policy same for all.
 - Producers should have more access to DDPIP and specialty (eg life-style milk)
 production opportunity.
 - Boards monthly statement is confusing. Maybe consider a daily BF report to help planning. Need more notice for Incentive Days. Announce Feb Mar each year for Incentive days for the year.
 - Consider shorter flexibility eg. less minus days
 - Whole farm sale of 50% on exchange does not allow a viable farm to remain.
 - Consider allow private treaty quota transfer for more access. Some prefer to keep all on quota exchange.
 - Quota has no value current policies are OK for this.