



BC Farm Industry Review Board

July 10, 2024

DELIVERED BY EMAIL

Janice Comeau, Chair
BC Milk Marketing Board
32160 South Fraser Way, Unit 200
Abbotsford, BC V2T 1W5

Dear Janice:

RE: BC MILK MARKETING BOARD & DAIRY INNOVATION WEST

Background

On April 23, 2020, the British Columbia Farm Industry Review Board (BCFIRB) [wrote](#) to the British Columbia Milk Marketing Board (Milk Board) following a February 25, 2020 meeting to discuss the Dairy Innovation West (DIW) initiative. Representatives of the BC Dairy Association (BCDA) and the Ministry of Agriculture were also in attendance. That letter stated as follows:

In a phone discussion we had on April 3, 2020, you confirmed that the Milk Marketing Board (MMB) is no longer pursuing any form of ownership interest and/or operating role in the DIW initiative. My understanding is that the BCDA and the Ministry of Agriculture are now working together to explore whether the BCDA can have an ownership and/or operating role in the proposed Alberta processing plant.

Leaving aside the issue of the producer monies expended to date, the plan initially proposed by the MMB would have required significant amounts of producer funds for investment in both the capital cost of the DIW facility, as well as its ongoing operating costs. Please confirm for us that no further funds (e.g., any levies or fees, or surplus levy funds derived from reduced transportation costs) collected by the MMB, under the authorities currently contained within the *Natural Products Marketing Act (NPMA)*, or any federally delegated authorities, will be invested in the DIW initiative, either directly or indirectly. Should British Columbia and/or Canada choose to enact legislative amendments in the future which might affect this situation, BCFIRB will carefully review its role and the role of the MMB in light of those amendments. [emphasis added]

By way of letter dated May 15, 2020, then Chair of the Milk Board Ben Janzen confirmed as follows:

Web:

Email: firb@gov.bc.ca

Website: www.gov.bc.ca/BCFarmIndustryReviewBoard

Phone:

Info: 250 356-8945

Fax: 250 356-5131

Mail:

PO Box 9129 Stn Prov Govt
Victoria BC V8W 9B5

Office:

2975 Jutland Rd
Victoria, BC V8T 5J9

The Milk Marketing Board (MMB) is responding to the BCFIRB correspondence on the DIW initiative dated April 23, 2020, in which BCFIRB asked the MMB to confirm that “no further funds (e.g., any levies or fees, or surplus levy funds derived from reduced transportation costs) collected by the MMB, under the authorities currently contained within the *Natural Products Marketing Act* (NPMA), or any federally delegated authorities, will be invested in the DIW initiative, either directly or indirectly.” We can confirm that no funds will be invested in the DIW initiative, either directly or indirectly, from the MMB.

BCFIRB also asked us to “keep BCFIRB apprised of any role the MMB intends to play in relation to DIW so that BCFIRB can consider what, if any, supervisory oversight may be required.” In our role as the first instance regulator of the dairy industry in British Columbia we will limit our involvement in the DIW initiative to ensure that sound marketing policy is considered should BCDA (through DIDC) proceed with an investment in DIW. We will work with BCDA to proactively to identify and manage any financial or other risks to BC producers associated with the DIW initiative. [emphasis added]

On February 20, 2024, BCFIRB [wrote](#) to the Milk Board advising that a routine staff review of Milk Board minutes appeared to indicate that the Milk Board had provided some amount of funding to DIW. In that letter, the Milk Board was directed to provide a complete accounting of all funds expended on the DIW initiative to date.

In its letter of February 23, 2024, the Milk Board confirmed that it had entered into a cash flow agreement with DIW and the other Western Milk Pool participants and had made “prepayments” in November and December 2023 totaling \$154,804.66 and \$155,526.79. These payments were paid by way of “producer deduction” (i.e., an adjustment to the producer blend price calculation that determines the amount paid for producers’ milk production).

On May 22, 2024, BCFIRB [directed](#) the Milk Board to cease participating in the funding of the DIW facility pursuant to the cash flow agreement, or by any other means, and asked for confirmation that the information provided represented a full accounting of all funds expended by the Milk Board in the pre-operational phase of the DIW facility to date.

On June 7, 2024, the Milk Board confirmed that it had ceased providing funding to DIW subsequent to the payments described in its February 23, 2024 letter, and those amounts represented a full accounting of the Milk Board’s expenditures on the DIW facility to date. The Milk Board also submitted a letter from the DIW Chair describing the purpose of the DIW facility and confirming that the Milk Board had provided funds for the facility.

Findings and Direction

BCFIRB finds that the “prepayments” provided by the Milk Board to DIW in November and December of 2023 under the cash flow agreement constitute a direct contravention of the April 23, 2020 direction by BCFIRB, and the responding commitment made by Chair Janzen in his May 15, 2020 letter.

Accordingly, BCFIRB directs the Milk Board, on or before July 26, 2024, to confirm in writing what measures it intends to take to address its non-compliance, and in particular to advise how and when it will recover the “pre-payments” made under the cash flow agreement and return them to the Milk Board’s producer levy pool.

BCFIRB may provide additional directions following receipt of your written response. Should there be any questions regarding this matter, please provide them to me in writing.

Yours truly,

A handwritten signature in black ink, appearing to read "Peter Donkers". The signature is fluid and cursive, with a large initial "P" and "D".

Peter Donkers
Chair

Cc: Rob Delage, BCMMB General Manager
Peter Pokorny, Deputy Minister, Ministry of Agriculture and Food
Eric Kristianson, Assistant Deputy Minister, Ministry of Agriculture and Food
Gunta Vitins, Vice Chair
Martha Anslow, Executive Director
BCFIRB Website