



BC Farm Industry Review Board

July 24, 2024

DELIVERED BY EMAIL

Janice Comeau, Chair
BC Milk Marketing Board
540-19933 88th Avenue
Langley, BC
V2Y 4K5

Dear Janice Comeau:

Re: BC Milk Marketing Board's Response Letter on the Western Milk Pool Transformation Initiative

I write in follow up to the BC Milk Marketing Board's ("BCMMB") response letter of May 27, 2024 regarding the Western Milk Pool Transformation Initiative ("Transformation Initiative"), and the subsequent virtual meeting held on July 16, 2024 between the Chairs and Vice-Chairs of BCFIRB and BCMMB. From your letter and our meeting, we confirm the following understanding of the status of the Transformation Initiative:

1. The BCMMB will not be entering a Memorandum of Understanding (MOU) with the BC Dairy Association (BCDA). Further, the Executive Director originally hired in a shared role with BCDA is now solely an employee of, and will only report to, the BCMMB. The Executive Director will play no role within the BCDA.
2. The only steps taken to date in respect of the Transformation Initiative are the: (a) hiring of a Western Milk Pool (WMP) CEO; (b) creation of a business unit structure and leadership team; and (c) development of a shared WMP Strategic Plan. You have confirmed that the Transformation Initiative leadership team has been dismantled and all staff, including the WMP CEO, are now reporting to and continue to be employed and compensated by their respective provincial milk boards.
3. As a result of supervisory board feedback, the BCMMB is reconsidering how to proceed with the Transformation Initiative, and that the focus moving forward will be on collaboration between WMP organizations rather than transformation.

Direction: If BCFIRB's understanding is incorrect, or if anything has changed since our meeting, please provide any clarification in writing no later than July 31, 2024. Further, if any decisions are taken with respect to next steps on the Transformation Initiative, or on collaboration between WMP organizations, please advise BCFIRB immediately.

We also understand that the BCMMB takes the position that the Western Milk Pool Agreement (WMPA) is separate from the Western Milk Pool Transformation Initiative. Given that the MOUs supporting the Transformation Initiative and the draft WMPA were presented to BCFIRB as a

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package where one supported the other (with the WMPA seemingly providing the framework for the transformation initiative), BCFIRB lacks clarity on this matter, particularly in the absence of responses to questions 1-6 contained in our May 1, 2024, letter. If the intention is to move forward with the WMPA as drafted, we require those responses, originally due at the end of May, to understand what exactly is being proposed and how the WMPA fits within the existing legislative and regulatory scheme.

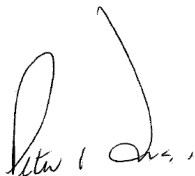
Direction: If the intention is to proceed with the WMPA as drafted, the BCMMB is to provide substantive responses to questions 1-6 contained in Appendix A of our May 1, 2024, letter (and attached to this letter in Appendix A) no later than August 9, 2024. If the intention is to move away from the WMPA as drafted, please confirm that intention with BCFIRB. Also by that date, the BCMMB shall also provide responses to these additional questions:

- **What is the current status of the WMP Board?**
- **If it is operating, please provide details of its composition, governance, and role?**

We also wish to confirm that the process followed to date with respect to the Transformation Initiative, including public announcements of steps taken, was not consistent with sound marketing policy, and directly undermined the supervisory relationship between BCFIRB and BCMMB. While it may well be in the public interest for there to be collaboration with the western provinces to advance efficiencies in the sector, it is essential that BCFIRB be first afforded an opportunity to exercise its supervisory authority and ensure that any such collaboration is consistent with the existing statutory and regulatory scheme.

Lastly, we acknowledge that the BCMMB is seeking a board-to-board meeting with BCFIRB. Once the BCMMB has provided responses to the directions set out above, we will consider an agenda for such a meeting.

Regards,



Peter Donkers

Chair, BC Farm Industry Review Board

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

Appendix A: BCFIRB Questions & BCMMB Response

BCFIRB Questions	BCMMB Response
1) Please explain in detail the role of the Members Committee, including without limitation the types of topics on which the Members Committee will make decisions?	N/A - Questions 1-6 all reference the draft revisions to the Western Milk Pooling Agreement (WMP Agreement) which is separate from the WMP Transformation Initiative. These questions will be addressed separately.
2) Please explain in detail the role of MIAC in relation to the Members Committee, the 2023 WMP Agreement, and the Transformation Initiative more generally?	N/A - WMPA
3) Will the Members Committee receive any authority delegated from BCMMB? If so, what powers will be delegated to the Members Committee?	N/A - WMPA
4) Will decisions by the Members Committee be implemented locally by the BCMMB in order to take effect in British Columbia? Or will BC regulated actors be affected by decisions taken by the Members Committee standing on their own, without further implementation by the BCMMB?	N/A - WMPA
5) Section 1.05 of the 2023 WMP Agreement would require the BCMMB to request legislative changes to implement decisions of the Members Committee. Is the BCMMB also required to implement decisions of the Members Committee when legislative change is not otherwise required?	N/A - WMPA
6) Section 1.04(k) of the 2023 WMP Agreement requires the BCMMB to hear all reviews and appeals related to decisions made by the Members Committee and/or the Western Milk Marketing Boards. Does the BCMMB propose to hear appeals of decisions taken by the Members' Committee locally in British Columbia? What types of decisions will be appealed to the BCMMB? How does this power overlap with BCFIRB's appellate power?	N/A - WMPA
7) On what types of issues will the Western Milk Board make non-binding policy advice and recommendations?	This work has not been completed for the Transformation Initiative project; however, it would only involve policy recommendations for items not covered in the WMP Agreement.
8) On their face, the role of the Western Milk Board and the Members' Committee under the 2023 WMP Agreement appear to overlap. Explain how the work performed by the two new bodies will overlap and/or differ from one another.	There should not be an overlap. Anything that is included in the WMP Agreement would be the responsibility of the WMP MC, anything else would fall within the Western Milk Board.
9) Will the Western Milk Board exercise any powers delegated to it from any of the Western Milk Marketing Boards? If so, what specific powers will the BCMMB delegate to the Western Milk Board?	It is not proposed to delegate any powers to the Western Milk Board. Provincial Milk Marketing Boards continue to make all decisions for their provincial industry.

<p>10) What will the make-up be of the Third-Party Service Provider (“Service Provider”)? Will the Service Provider have representation from any industry associations, including but not limited to the BCDA?</p>	<p>As part of our review of our collaboration model, we will be reviewing a few options for provision of the services.</p>
<p>11) Will the Service Provider have the authority to make policy recommendations to the BCMMB?</p>	<p>This is under review as part of our review of our model</p>
<p>12) What specific powers will the BCMMB delegate to the Service Provider?</p>	<p>There will not be any powers delegated to the Third- Party. Provincial Milk Marketing Boards continue to make all decisions for their provincial industry.</p>
<p>13) What kind of services will the Service Provider perform for the Western Milk Marketing Boards, including the BCMMB? How will those services relate to the mandate of the BCMMB?</p>	<p>This is under review as part of our review of our model</p>
<p>14) Provide BCMMB’s SAFETI analysis on the Transformation Initiative to support BCFIRB in its policy analysis on whether the Transformation Initiative is consistent with orderly marketing and sound marketing policy in British Columbia.</p>	<p>We are not able to complete a SAFETI analysis at this time. We will work with BCFIRB on the WMP collaboration governance model and once there is full clarity, we can complete a SAFETI analysis.</p>
<p>15) Provide information on how BCMMB intends to address Transformation Initiative issues raised by producers (e.g., issues raised at BCMMB’s spring 2024 producer meetings, which BCFIRB members attended).</p>	<p>We will continue to engage producers on the WMP Transformation Initiative. Once we have clarity on how to proceed with WMP collaboration, we will consult with producers and seek their feedback.</p>