

February 6, 2018

QTAR Simplified

The following paper summarizes the BC Milk Marketing Boards understanding of some key directives provided in the BCFIRBs Quota Assessment Tools Supervisory Review which was distributed on February 5, 2018. For a full review of the BCFIRB decision, please refer to the BCMMB website or click on this [link](#).

10/10/10 and LIFO

The BCFIRB requires the Milk Board to apply a 10/10/0 assessment on all quota allocations that have been allocated from 2005 and onwards;

The Milk Board is now able to remove the 10% residual assessment on quota allocations after the ten-year earning period. Producers are still required to earn growth allocations for a ten-year period.

The BCFIRB has rescinded the LIFO provision that was directed in the 2005 Specialty Review;

The Milk Board is now able to remove the LIFO provision on all quota allocations. The removal of this policy allows producers to be able to sell some of their quota without assessment, thereby creating an opportunity to right size farms as needed. The simple rule of thumb is - As growth is earned, you can transfer it.

The BCFIRB requires the Milk Board adopt a policy that allows producers to accept or refuse growth quota only at the time of issue, growth quota cannot be deferred;

As no previous policy of this type existed, the Milk Board will review this policy provision and provide further direction after its review.

The BCFIRB requires the Milk Board to ensure producers wait twelve months between the time of a transfer (sale) on any quota and the opportunity to receive any growth quota unless it is a transfer to an exempt person;

The Milk Board is now able to allow the transfer of quota without LIFO, but is required to restrict eligibility on the receipt of quota allocations for a twelve-month period following the transfer date. This provision applies to ALL quota (sales) transfers.

5% Transfer Assessment

The BCFIRB has rescinded the 5% transfer assessment that was directed in the 2005 Specialty Review;

The Milk Board is now able to remove the 5% transfer assessment applied to all quota sold on the quota exchange. There is no requirement to have a 5% assessment on quota transferred on the Quota Exchange.

The BCFIRB requires the Milk Board to provide a mechanism to ensure quota is available to the commodity board for new entrants and other policy programs as needed.

The Milk Board will continue supporting all Board sponsored programs as needed.

New Entrant

The BCFIRB requires the Milk Board to apply a 10/10/0 assessment on all new entrant quota allocated by the Milk Board and following the ten-year period all new entrant quota must be treated the same as the quota held by an established producer.

The Milk Board is now able to remove the residual 10% assessment on new entrant after the ten-year earning period. **New Entrants are still required to earn new entrant quota for a ten-year period.**

The Milk Board will now review all directives by the BCFIRB and provide a policy paper on any changes to the current consolidated order with an effective date as soon as possible.

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