

Dairy Industry Development Council

Plan. 2020 Update

Overview of the Council

The Dairy Industry Development Council (DIDC, or Council) was established November 14, 2002 under the authority of the *Farming and Fishing Industries Development Act*. BC Agriculture Minister John van Dongen established the DIDC, and approved the “Plan to Establish a Dairy Industry Development Council” (Plan) that was submitted by the industry through the BC Milk Producers Association (BCMPA). In creating the Council and approving its Plan, Minister van Dongen named the directorship of the BCMPA as the Council, noting that beginning in 2003, the directors of the BCMPA will be elected for the dual roles of BCMPA directors and DIDC members.

Prior to 2003, BC dairy producers had contributed to the Dairy Products Promotional Fund through levies collected under the *Milk Industry Act* and the *Milk Industry Standards Regulation*. That Act and Regulation were replaced in 2003 with new regulations governing on-farm and dairy plant food safety under the new *Food Safety Act*. The BCMPA members had supported the Dairy Products Promotional Fund in the past, and endorsed the establishment of the Council to continue this work.

The Minister’s approval of the DIDC stated that the levy to be paid by the milk producers, as set out in the Plan, would be mandatory and non-refundable. The BC Milk Marketing Board, as first point of sale, would collect the levy on behalf of the Council.

In 2011, the BC Dairy Association (BCDA) was formed, replacing the BCMPA and the BC Dairy Foundation (BCDF). Directors of the BCDA are elected for dual roles of BCDA directors and DIDC members. The BCDA has continued to carry out activities described below, funded through levies collected by the DIDC.

Composition of the Council

The Council shall be composed from time to time of Producers, whether natural persons, partnerships, corporations or societies, who then have a current and subsisting licence issued by the British Columbia Milk Marketing Board, for the purposes of operating as a Producer (a “Valid Licence”), pursuant to the provisions of the *Natural Products Marketing (BC) Act*, as amended, and regulations promulgated thereunder. A “Producer” is a person who produces milk obtained from dairy cows in British Columbia.

Council Structure

The Council shall have between eight and eleven Members.

Seven Council Members shall be appointed by the regional associations as follows:

- Three (3) Eligible Persons from the Mainland Region will be elected by the members from such region;

- Two (2) Eligible Persons from the Southern Region will be elected by the members from such region;
- One (1) Eligible Persons from the Island Region will be elected by the members from such region;
- One (1) Eligible Persons from the Northern Region will be elected by the members from such region.

Up to one non-producer Independent Member will be appointed by the Council Members for up to a three-year term.

One to three Council Members, who are Eligible Persons, will be elected at large.

“Eligible Person” means a natural person who is:

- (a) a member of BCDA;
- (b) an employee of a member of BCDA;
- (c) a partner in a partnership that is a member of BCDA;
- (d) a shareholder of a corporation that is a member of BCDA; or
- (e) a member of a society that is a member of BCDA;

The Council will follow the exact timeline of the BCDA Board of Directors and will have staggered terms. Regional and at-large Members will have three-year terms.

Description of the Industry

With nearly 39 per cent of the province’s total livestock receipts and more than 18 per cent of the province’s total farm cash receipts, the British Columbia dairy sector accounts for the largest share of provincial farm cash receipts.

A joint report released in 2018 by BC’s Dairy, Egg and Poultry Industries indicated that the BC dairy value chain (in 2015) generated approximately \$1.5 billion to Canada’s Gross Domestic Product (GDP), \$241 million in tax revenues, and provided 14,759 jobs in BC.

While milk production in British Columbia is concentrated primarily in the Lower Mainland, dairying is also one of the most regionally diverse sectors of BC agriculture. It is important to the local economies of Vancouver Island, the Okanagan region, Cariboo, Kootenays, the Bulkley Valley and the Peace River regions.

Milk production in British Columbia has been consistently expanding for many years, gradually increasing from just over 350 million litres per year in 1965 to the current production of approximately 830 million litres. These increases have

come about almost entirely as a result of increased efficiencies, as the number of dairy cows in BC has remained relatively constant during this time period. On average, each cow in BC now produces over 9,500 litres of milk per year.

Milk Production by Region in BC 2018-19 (litres/yr)	
Fraser Valley	646,952,332
Vancouver Island	52,390,182
Okanagan	97,608,171
Cariboo	11,994,799
Bulkley Valley	7,003,188
Kootenays	12,814,060
Peace River	1,621,387
Total	830,384,119

Dairy Industry Organizational Overview

There are a number of organizations that contribute to the British Columbia dairy industry. The primary ones are as follows:

1. BC Dairy Association (BCDA)

BCDA is a not-for-profit organization representing British Columbia's dairy farmers. BCDA is dedicated to educating British Columbians about milk, dairy farming, and nutrition through school programs and community outreach. The association also advocates for and supports BC dairy farmers through initiatives that promote a vibrant and sustainable industry that supplies high quality milk to consumers.

2. BC Milk Marketing Board (BCMMB)

The BCMMB is a producer- and processor-funded regulatory board with authority pursuant to federal and provincial legislation to promote, control and regulate the production, transportation, packing, storing and marketing of milk, fluid milk and manufactured milk products within British Columbia.

3. Western Dairy Council

The Western Dairy Council is a processor funded organization representing the interests of the dairy processing sector of BC, Alberta, Saskatchewan and Manitoba.

4. Dairy Farmers of Canada

Dairy Farmers of Canada is the national policy, advocacy and promotional organization representing Canadian dairy producers. It strives to create stable conditions for the dairy sector in our country. It also seeks to maintain policies that promote the sustainability of Canadian dairy production and promote dairy products and their health benefits.

The Levy and Administration

The *Dairy Industry Development Council Regulation* under the *Farming and Fishing Industries Development Act* authorizes the collection of levies from BC producers. The DIDC levies on production are calculated on each producer's qualifying milk production and an additional amount on the production deemed delivered for processing into a manufactured milk product at the rates summarized below.

The levies are mandatory and non-refundable. They have been adjusted numerous times since the DIDC was established in 2002. Each levy change has been approved by the Minister of the day and Cabinet through an Order in Council. This 2020 Plan Update does not result in a change in the current levies which were set in 2012.

Milk producers currently pay the following levies:

- **\$1.054 per hectolitre on an all-milk basis:** These funds are collected to fund the activities and programs described in this Plan, typically executed by the BCDA. Specific expenditures are authorized and overseen by the producers serving the dual role of BCDA Director and DIDC Member.
- **\$1.170 per hectolitre additional on milk used for manufactured milk products (MSQ):** This levy is collected to contribute to the funding of the activities of the Dairy Farmers of Canada.

The BCMMB, as the first receiver of milk, collects the levies on behalf of the Council and forwards the funds to the Council no later than 30 days from receipt.

A small portion of the levies are used for administrative purpose. The Council has established per diem, honoraria and expense guidelines for its Members.

Over time, funds generated by levies but not fully utilized in programs have been retained in the DIDC Fund. The DIDC Fund is reported annually to producers through the audited financial statements distributed at the Annual General Meeting.

Activities to be Funded

The levies shall be used to fund initiatives deemed by producers to be in the best interests of sustainable growth of the dairy sector in B.C including; promotion, education, research and development, and policy activities on behalf of the levy payers in the province. The Council may collaborate with organizations, such as the BC Dairy Association and Dairy Farmers of Canada, to deliver the programs, but will retain full accountability to the levy payers and the Minister for the use of the funds. Specific funding activities may include the following:

- **Advertising and Promotion:** Through extensive and focused advertising and promotion campaigns, raise awareness of milk to increase per capita consumption. The main target group is youth and young adults.
- **Nutrition Education:** Deliver broad nutritional messages, including Canada's Food Guide, to students in schools. Programs to increase the awareness of the nutritional values and health benefits of milk are included. Other initiatives are aimed at youth both in and out of schools.
- **School Milk:** Programs such as the Elementary School Milk Program encourage the in-school consumption of milk by offering incentives.
- **Youth Based Programs:** Organized sport, both in-school and out of schools encourage youth to think of and consume milk.
- **Community Awareness:** Support many community events, particularly agriculture fairs, to raise awareness of milk.
- **Industry Organizations:** Cooperate with organizations in other provinces to share knowledge and programs. Also act as an affiliate of DFC to cooperate on the marketing and nutrition of dairy products.
- **Dairy Farmers of Canada:** The board of the BCDA elects one of its producer directors as the BC representative on the board of directors of the DFC.
- **DFC National Promotion Programs:** Funding the national promotion of dairy products activities undertaken by Dairy Farmers of Canada.
- **Industry Representation:** To ensure funding of a central producer organization to act as the spokesperson for BC dairy producers to the general public, governments and other organizations and to provide a forum for BC milk producer representatives to discuss common issues and develop and pursue policies and programs beneficial to the industry.
- **Research and Extension:** To support academic research, extension and programming that advance dairy farm best management practices, environmental sustainability, and product innovation.
- **proAction:** Support the BCDA in implementation and administration of DFC's proAction Initiative, which establishes standards through a national framework that allows Canada's dairy industry to continue its business leadership.
- **Producer Communications:** Support timely communication to all dairy producers on policy issues affecting their industry.
- **Industry Organizations:** On behalf of BC dairy producers, ensure membership and participation in organizations such as the Dairy Farmers of Canada, the BC Agriculture Council and the Canadian Federation of Agriculture are retained.
- **Regional Associations:** Ensure funding for its regional member associations is provided for to ensure effective communications with, and input from producers in all regions.

- **Dairy Processing:** The DIDC Fund may be used to make direct investments in building processing capacity that will benefit BC producers. Benefit is measured by quota growth, producer revenue increase, or producer cost reduction. Furthermore, investment opportunities will be large enough in scale to add meaningful processing capacity in western Canada, incremental to investments that would otherwise be made by established processors and/or producers, and ideally in projects/facilities owned by dairy producers. As BC participates in the Western Milk Pool, processing opportunities across western Canada (B.C, Alberta, Saskatchewan, Manitoba) will be considered (ie, investments are not restricted to the province of BC). Initial investment consideration is being given to joining with dairy producer entities in Alberta, Saskatchewan, and Manitoba to create a corporation to develop, build, and operate a milk concentration facility in Alberta. The facility is intended to take in raw milk and create concentrated components required by dairy processors, in order to reduce costs of transporting raw milk from producers to processors.

Council Meetings and Procedures

The Council will meet approximately on a quarterly basis, and will hold an Annual Meeting each year. The Annual Meeting date will be set by Council Members, and held in conjunction with the AGM of the BCDA. Notice of the date will be given to all producers in accordance with the bylaws of the BCDA.

The Members will be elected by each of the regional association members of the BCDA (in accordance with the Council Structure stated at the outset of this Plan) prior to the Annual Meeting, and will serve the dual role of BCDA Directors and DIDC Members.

The BCDA may appoint interim Members to fill any vacancies that may arise between scheduled elections, to give member organizations time to hold an election for the vacant position.

Officers will be elected by the Council as part of the Annual Meeting.

Changes to the Levy Structure

From time to time it may be necessary to adjust the size or calculation methodology of the various levies. The procedure for adjustment of the levies will be as follows:

- Proposals for changes in levies will be brought to the Council for preliminary approval.
- Council Members will consult with the membership through a variety of channels including at regional meetings.
- DIDC will engage an outside organization to conduct a plebiscite, allowing all members an opportunity to vote.

- For a levy change to occur, the Minister requires all of the following thresholds to be met:
 1. At least 25% of voting members must cast a vote;
 2. At least 65% of the votes cast must approve the proposed change; and
 3. Members who vote to approve the change must produce at least 50% of the total volume of milk reported by all members who voted, during the immediately preceding harvest year.

The plebiscite shall be promoted widely to members, and the voting period must be a minimum of four (4) weeks.

- Following the plebiscite, if the membership has met all three tests set out above and has approved a change to the levy, the DIDC Members will convene a meeting and pass a resolution requesting that the Minister issue an Order in Council to change the levy in accordance with the plebiscite results.