

June 1, 2020

## **Notice of Order No. 40/20: Quota Limits**

On May 29, 2020, the SaskMilk Board of Directors passed Order No. 40/20: Quota Limits (the “Quota Limits Order”).

The Quota Limits Order is passed further to SaskMilk’s long-standing policy respecting quota limits.

In a 2010 decision of the Milk Control Board, SaskMilk’s predecessor decided that the maximum quota allotment for a single producer would be no more than 4% of the available provincial quota.

The 2010 decision recognized:

- Quota should be managed in a way that promotes the free market to the greatest extent possible;
- Available quota should be divided among as many economically viable dairy producers as possible; and,
- The diversification of quota allotment prevents the monopolization of the Saskatchewan milk market and reduces the risk of disruption to the province’s milk supply if a single producer experiences economic hardship or their production unit experiences a catastrophe such as a fire or herd disease.

The 2010 decision recognized that a procedure to require full disclosure of ownership would be required so that various legal devices were not used to circumvent the quota limit.

SaskMilk and our producers have been acting under this long-standing policy for the past decade.

The Quota Limits Order codifies the policy and reduces the risk that complex legal structures will be used to circumvent the spirit and intent of the policy and quota limit.

The Quota Limits Order is intended to be effective June 1, 2020 and applies to: (1) licensed producer applications; (2) quota transfer applications; and (3) quota lease applications. Applicants will be required to provide a statutory declaration confirming that they are in compliance with the Quota Limits Order. Updated forms will be made available in the coming days.

If you have any questions with respect to the Quota Limits Order or its application to your operations, please contact Joy Smith, Manager Policy & Communications at [joy.smith@saskmilk.ca](mailto:joy.smith@saskmilk.ca).

***The Agri-Food Act, 2004***

[section 12]

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***THE MILK MARKETING PLAN REGULATIONS – QUOTA LIMITS***

**Order No. 40/20.** The SASKATCHEWAN MILK MARKETING BOARD, pursuant to the provisions of *The Milk Marketing Plan Regulations* and *The Agri-Food Act, 2004*, hereby determines and orders as follows:

1. For the purposes of this Order, where an individual, partnership, corporation, cooperative, joint venture, association, trust or other entity designated as a person under *The Legislation Act* (Saskatchewan) or the *Income Tax Act* (Canada) (the “**first person**”) owns or operates a production unit (the “**first unit**”) and one or more other individuals, partnerships, corporations, cooperatives, joint ventures, associations, trusts or other entities designated as a person under *The Legislation Act* (Saskatchewan) or the *Income Tax Act* (Canada) (each, an “**additional person(s)**”) owns or operates another production unit (each, an “**additional unit(s)**”), and:
  - (a) the first unit and the additional unit(s) have, directly or indirectly, a common directing mind or common management;
  - (b) the first person and the additional person(s) have agreed to, directly or indirectly:
    - (i) pool their land, equipment, cattle or other resources in respect of the first unit and the additional unit(s); or
    - (ii) share revenues, profits, expenses or other economic results of the first unit and/or the additional unit(s); or
  - (c) the first person and the additional person(s) are, directly or indirectly, financed or funded by the same person or group of persons, other than a bank; or
  - (d) there is at least one common individual, partnership, corporation, cooperative, joint venture, association, trust or other entity designated as a person under *The Legislation Act* (Saskatchewan) or the *Income Tax Act* (Canada) who is entitled to all or a portion of the revenues or profits of both the first unit and the additional unit(s) or who receives a fee from each of them, directly or indirectly or in any manner whatsoever;

then the first person and the additional person(s) shall be deemed to be a “**farming group**”. For greater certainty, two or more persons can constitute a “**farming group**”.
2. For the purposes of this Order, a “**production unit**” means any equipment, land, building, farm or other structure or operation used by a licensed producer for the production, marketing or production and marketing of milk and milk products.
3. For the purposes of this Order, a “**bank**” means any bank as defined in the *Bank Act* (Canada), a chartered financial institution, a credit union or Farm Credit Canada.
4. No person or farming group may hold, either directly, indirectly, or by way of lease, license or any other means, more than 4% of the available total production quota.

5. No more than 4% of the available total production quota may be produced at one production location.
6. In exceptional circumstances, the Board may, in its sole discretion, grant an exemption from the provisions of sections 4 or 5 of this Order to a farming group that is comprised entirely of immediate family members or persons that are all controlled by immediate family members, all of whom are personally and actively engaged in the day to day operation of the production unit. The Board may impose any terms and conditions with respect to the exemption and may vary, alter, amend, change, cancel or substitute those terms or conditions at any time.
7. A farming group who qualifies for and desires to apply for an exemption contemplated in section 6 of this Order shall:
  - (a) apply to the Board on a form and in a manner determined by the Board;
  - (b) supply the Board with any information, records and additional material that the Board may require respecting the exemption application;
  - (c) satisfy the Board that the person or farming group has otherwise complied with the Saskatchewan Milk Marketing Plan and all Orders and Policies of the Board;
  - (d) satisfy the Board that granting the exemption is not inconsistent with the Saskatchewan Milk Marketing Plan and is not contrary to the public interest; and
  - (e) satisfy the Board that granting the exemption is not inconsistent with the spirit and intent of the restrictions set forth in sections 4 and 5.

Order No. 40/20 is made pursuant to section 5, clause 7(1)(h) and subclause 7(1)(y)(ii) of *The Milk Marketing Plan Regulations* and section 12 of *The Agri-Food Act, 2004* and shall be effective as of June 1, 2020. By order of the Saskatchewan Milk Marketing Board.

  
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Matthew Flaman, Chairperson  
Saskatchewan Milk Marketing Board

Pursuant to section 5, clause 7(1)(h) and subclause 7(1)(y)(ii) of *The Milk Marketing Plan Regulations* and section 12 of *The Agri-Food Act, 2004*, the above Order No. 40/20 of the Saskatchewan Milk Marketing Board is approved this \_\_\_\_ day of \_\_\_\_\_, 2020.

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Chairperson  
Agri-Food Council, Saskatchewan