



January 25, 2016

File: 44200-20/EMB

DELIVERED BY EMAIL

Derek Sturko
Deputy Minister
Ministry of Agriculture
PO Box 9120 Stn Prov Govt
Victoria BC V8W 9B4

Dear Mr. Sturko:

BC EGG MARKETING BOARD – RED TAPE REDUCTION PROPOSAL

On January 22, 2016 the BC Egg Marketing Board (Egg Board) shared a copy of the attached letter (Re: Reduction of Red Tape for British Columbia, dated January 21, 201[6]) with the BC Farm Industry Review Board (BCFIRB). The attached letter was originally sent to you by the Egg Board in response to the recent Ministry of Agriculture correspondence on red tape reduction.

In its January 21st letter the Egg Board is requesting the Minister consider recommending to Cabinet that the British Columbia Egg Marketing Scheme, 1967 be amended to remove the requirement for BCFIRB to prior approve the terms and conditions upon which quotas shall be issued¹. Or in other words, how the Egg Board distributes new production received from Egg Farmers of Canada (EFC) in the province.

First, I am clear that recommending regulatory change is the Minister's prerogative.

However, I would not be fulfilling my accountabilities as the Chair of the supervisory body charged under the *Natural Products Marketing (BC) Act* with overseeing the Egg Board, and, in relation ensuring sound marketing policy, if I did not put forward the following information for consideration.

¹ S. 37(c) to issue quotas to registered producers as is deemed necessary, such quotas to remain at all times the property of the board and, subject to prior approval of the Provincial board, to vary such quotas and prescribe the terms and conditions upon which they shall be issued or transferred, provided that the board shall not at any time issue to any registered producer a quota in excess of 5% of the total of all such quotas issued;

**British Columbia
Farm Industry Review Board**

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First, egg sales continue to increase across Canada (19% over the last eight years). However, the existing EFC allocation process does not appear to be ensuring Canadian supply is keeping up with demand. There are serious outstanding systemic questions that must be addressed, as set out in BCFIRB's [July 17, 2015](#) and [March 16, 2015](#) allocation prior approval decisions. BCFIRB's prior approval process is clearly not the cause for market shortages. BCFIRB continues to work with the Egg Board and Farm Products Council of Canada to enact much needed change at the national level.

As the first instance regulator of egg production in BC, the Egg Board is responsible for sound marketing policy decisions that include consideration of the public interest. Stated government policy expectations are also explicit in regards to commodity board governance and decision-making. This means the Egg Board must balance market demands, current producer economic efficiency and growth considerations along with government policies and strategic initiatives² such as new entrants, regional development, value-added growth and building niche markets.

These expectations have been clearly and repeatedly explained to all commodity boards through the joint BCFIRB-commodity board Accountability Framework and principles/outcomes-based/SAFETI initiatives.³ In the case of the Egg Board, the record will also show that BCFIRB has clearly and repeatedly explained and demonstrated its expectations in previous allocation processes so that in providing recommendations to BCFIRB, the Egg Board would have a clear understanding of the basic requirements for demonstrating sound decision-making. Although improving, the Egg Board has yet to fully meet those expectations in its submissions to BCFIRB.

If BCFIRB was not involved in the Egg Board quota distribution process I think it is fair to say the Egg Board would have given little credence to government policy considerations such as new entrants, small lot production and regional development to name but a few. This history is clearly set out for the public in BCFIRB's allocation prior approval decisions ([2000 – 2015](#)).

To point to a few specific examples, without BCFIRB's oversight the Egg Board would have recently continued to postpone bringing new entrants to the egg industry (BCFIRB [July 28, 2014 prior approval decision](#)). Through the prior approval process BCFIRB also ensured that the Egg Board, after more than a decade of neglect, put 100,000 layers into production to provide eggs for the processing sector. BCFIRB insists on ensuring that BC egg producers fully produce all of the eggs required, not just those that command the most quota value and highest margins.

Contrary to the suggestion that the BCFIRB prior approval process presents delays to getting layers into production, I recently received information that there are still producers who have not yet committed to taking new production offered to them *pro rata*. Not only from the previous allocation (July 2015), but also two earlier allocations (April 2015, November 2014). In relation, there is a fair amount of production outstanding from the April and June allocations yet to be utilized (full utilization not expected until 2017). BCFIRB has brought these questions to the attention of the Egg Board and will insist they are addressed before the next allocation is approved.

² [Regulated Marketing Economic Policy; B.C. Agrifood and Seafood Strategic Growth Plan](#)

³ [BCFIRB Governance](#)

I also note that should such a change be made, BCFIRB still has the statutory responsibility and authority to ensure sound marketing policy decisions in the public interest are met in any event. Given the history of this issue – with which this board is very familiar, including why the regulation was put in place – and the track record to date, BCFIRB would be required to continue its oversight of Egg Board allocation decisions until such time as it is satisfied that the Egg Board's decision-making meets BCFIRB's expectations.

In summary, my position is at this time is that the Egg board request is not warranted. At such time as the Egg Board does demonstrate that it has the governance capacity to regulate the industry in accordance with sound marketing policy BCFIRB would be pleased to jointly recommend, with the Egg Board, an amendment to the Scheme. However, the public record indicates there is still work to be done.

Regards,

A handwritten signature in black ink, appearing to read "John Les". The signature is fluid and cursive, with a large loop at the beginning and a long tail that loops back under the main body of the signature.

John Les
Chair

Attachment

cc: Chair and members
BC Egg Marketing Board

BCFIRB web site