

BCEMB Response to BCFIRB July 28, 2014 Decision Note

The BCEMB on August 1, 2014 convened a special meeting to review the BCFIRB decision note regarding our request for prior approval of our 2014 quota distribution policy.

We respond to BCFIRB decisions by paragraph number as itemized in the conclusion section of the July 28, 2014 document.

100.

The BCEMB agrees with distribution of 67,890 layers of quota to licenced producers on a pro-rata basis on condition of satisfactory progress on the NPP (New Producer Program). We have formally introduced the program to producers and will be posting the public process in next month with a draw target date of December 2014. Attached documentation is in support of the condition that progress is been made on the NPP and we trust this will suffice to enable issuance this amount of layer quota.

101.

We request BCFIRB staff to work with BCEMB staff to outline a process to expedite the anticipated future allocation from EFC that should occur in fall of 2014. We agree to regular reporting on progress on directions given by BCFIRB in their decision note.

102.

The Board will continue to meet with the breaker to reach agreement on acceptable terms in the implementation of the BC eggs for processing program. General pricing models have tentatively been agreed to.

103.

We have requested EFC to provide a current contract that will be between EFC, the Board and the breaker. We request that BCFIRB staff meet with Board staff to view the proposed operational frame work for a BC EFP program and set in place an agreed terms of reference for a program review of EFP that will conducted after the first year of operation.

104.

The Board requests BCFIRB to reconsider their decision not to approve the distribution of layer quota held in reserve to all licensed quota holders.

105.

The Board has at this time some 107,676 layers held in reserve that is the result of national allocations (2014 allocation of 67,890, 2013 allocation of 15,955, claw backs and unused research layers of 23,831). Small lot producers, active research flocks and grandfathered permit holders total an additional 14,012 layers that are not included in the inventory count. The Board is confident that all needs for the present 2014 new producer entry program of 12,000 layers can be accommodated with the unissued inventory. Furthermore past experience with previous lottery programs indicate it will take upward to two to three years for lottery winners to be in a position to receive a producer licence.

We propose that going forward the NPP should be supported by all BC egg producers not just those producers who contribute to the lottery program through claw backs on quota sales or producers who retire. To the extent that a NPP supports our social licence as an industry then all producers should contribute to the cost. Going forward we propose to withhold ten percent of all new issuance of national allocation to support the NPP. This approach has the added benefit of a fair and transparent process whereby the benefits of a growing industry flow to established producers and new entrants. It also mitigates the potential, although unlikely event, of claw backs on existing quota holders to support the NPP when the market may take a downturn.

We request that BCFIRB approve an additional 15,955 layers held in reserve from the 2013 EFC allocation in addition to the 67,890 allocation for 2014 for a total of 83,845 layers.

106.

The Board commits to provide a full reconciliation of total BC domestic layer quota inventory.

107.

The Board commits to regular publishing quota reserves held as of year ending December 31. It is understood that the amount is a point in time measurement.

108.

The Board agrees to conduct a lottery for four new entrants as indicated in the attached documents. The Board has retained the services of consultant and an adjudicator to conduct the lottery independent from Board and management. The desired outcome is that all applicants will have received a fair and equitable treatment within a fair and transparent process. Recommendations from the previous NPP program review committee will be incorporated in the current lottery.

109.

The Board commits to two new producers every year but requests clarification from BCFIRB as to the expectations on what would constitute an acceptable inventory of new entrants and what measure will be used to indicate the success of the program.

110.

Board agrees, subject to consultation with Egg Industry Advisory Committee, to give priority for at least one new entrant allocation to small lot authorization permit holders and one new entrant in a region other than Lower Mainland.

111.

The present New Producer Program as outlined in orders is being reviewed by an outside consultant. (See attachment)

112.

The existing lottery system with program improvements will be utilized for the 2014 lottery.

113.

The Board is now accepting on line applications for an additional 9,975 layers to the small lot program. Preferences are given to permit holders outside the lower mainland area. A selection of existing permit holders will be interviewed as part of the NPP program review.

114.

EFC service fee of \$5.80 per layer for allocation of new provincial quota remains under active discussion with provinces and EFC

115.

Quota leasing and quota exchange review is pending BCFIRB release of Quota Policy review Part 2.

116.

The Board will reconvene the Egg Industry Advisory Committee (EIAC). Membership will include three egg producers who are not members of the Board, three graders/processors and one independent member not directly related to the industry. BCEMB is at this time canvassing graders and processors for representation and recommendations for an independent member which at this time will be designated as Chair from among appointees.

117.

The Board has scheduled in its meeting calendar two formal meetings of the EIAC for the first Thursday of May and October each year. Additional meetings will be at the call of the Chair of BCEMB and the Chair of EIAC.

118.

With the establishment of the EIAC, the first order of business will be recommendations as to how the egg scheme requirements can be met with the absence of the Specialty Egg Advisory Committee.

We trust the BCEMB response to the BCFIRB decision letter fulfills the required conditions to issue quota to BC producers in timely manner.

Given that many of the directives from BCFIRB inter connect within the national egg scheme that is presently facing a number of challenges, we feel a face to face meeting with both Board members would be beneficial at this time.

We look forward to favourable response to this request and the aforementioned items.

Sincerely,

A handwritten signature in cursive script that reads "Richard King".

Richard King, P. Ag.
Chair