



February 5, 2008

File: 44200-40 ALLOC

DELIVERED BY EMAIL

Dave Cherniwchan
General Manager
British Columbia Broiler Hatching
Egg Commission
180 – 32160 South Fraser Way
Abbotsford BC V2T 1W5

Ken McCormack
General Manager
British Columbia Milk Marketing Board
200 – 32160 South Fraser Way
Abbotsford BC V2T 1W5

Bill Vanderspek
General Manager
British Columbia Chicken Marketing Board
101 – 32450 Simon Ave
Abbotsford BC V2T 4J2

Michel Benoit
General Manager
British Columbia Turkey Marketing Board
106 – 19329 Enterprise Way
Surrey BC V3S 6J8

Al Sakalauskas
General Manager
British Columbia Egg Marketing Board
150 – 32160 South Fraser Way
Abbotsford BC V2T 1W5

Dear Sirs:

PRINCIPLES AND PROCEDURES FOR THE DISTRIBUTION OF NATIONAL ALLOCATIONS – SUGGESTED RESPONSE FRAMEWORK

On December 13, 2007, the British Columbia Farm Industry Review Board (BCFIRB) wrote to your boards regarding the development of allocation principles and procedures in accordance with Section 5.4 of the September 1, 2005 Specialty Review Policy, Analysis, Principles and Directions. The purpose of this letter is to elaborate on the brief discussion we had at the January 15, 2008 General Managers' meeting about this issue, and a subsequent telephone conversation I had with Michel Benoit about the form in which the boards might respond.

I am copying this letter to the General Managers of the non-supply management boards as the July 2004 Regulated Marketing Economic Policy referred to below applies to all boards. These boards will

British Columbia
Farm Industry Review Board

Mailing Address:
PO Box 9129 Stn Prov Govt
Victoria BC V8W 9B5
Telephone: 250 356-8945
Facsimile: 250 356-5131

Location:
3rd Floor, 1007 Fort Street
Victoria BC V8V 3K5
Email: firb@gov.bc.ca
Website: www.firb.gov.bc.ca

also be required at some point to show that their orders are consistent with the applicable policy objectives discussed later in this letter.

The brief discussion at the January 15 meeting centered on the difficulty regulators can have in establishing allocation principles, procedures and criteria in anticipation of where markets might be going. Michel took that problem one-step further in asking a question about the form in which his board could outline proposed criteria that satisfied BCFIRB's expectations.

I also advised at the January 15 meeting that BCFIRB will be conducting a mid-term assessment of the Specialty Review, preparatory to conducting the scheduled follow up review in 2009.

After my discussion with Michel, it occurred to me that there was a way to assist with the principles drafting questions and, as well, get a start on the mid-term assessment. This would be by referring back to the Regulated Marketing Economic Policy (Policy). All of our boards are accountable to Government (Ministry of Agriculture and Lands) for meeting the objectives set out in the Policy. As the supervisor of the commodity boards and commissions, BCFIRB is also required to ensure that the other eight boards have the appropriate orders and decision-making processes in place that take these policy objectives into consideration. Using the Policy as a guide may indicate how we are doing in this respect, provide some consistency in developing and reporting on allocation principles and begin the process of gathering the information needed for a mid-term assessment of the Specialty Review.

Allocation and the management of it is a key part of the supply managed sector and drives decision-making. It also represents an ongoing balancing of interests. I also appreciate that not all representations made on behalf of these interests are legitimate when they argue that granting certain allocation requests is necessary in order to comply with Government policy objectives. In this context, I suggest we might look at questions like these, which flow from the Policy:

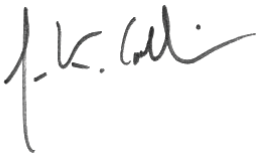
1. Is the board securing the allocation necessary to provide ongoing opportunities for industry growth and new opportunities in primary and further processing? (Section 2, 1st bullet.)
2. Is the board securing the allocation necessary to provide sufficient allocations for the development of specialty markets, such as organic and other products differentiated at the farm level? (Section 2, 2nd bullet.)
3. Is the board capturing markets outside of British Columbia where these markets can add strength and stability to a regulated industry? (Section 3, 2nd para.)
4. Is the board ensuring that its marketing system is serving the demand for organic food and other products differentiated at the farm level? (Section 3, 3rd para.)
5. Is the board accommodating financially viable, competent sales agencies and processors who wish to pursue new markets of existing products, as well as markets for new value-added processed products and for products differentiated at the farm level? (Section 3, 4th para.)
6. Is the board facilitating the entry of new producers to sustain and renew regulated industries in new and existing markets? (Section 4.)

7. Is the board facilitating cooperation among producers, marketing agencies, input industries, processors, and retailers, with a view to achieving efficiencies throughout the entire system, and enhancing value in the marketplace? (Section 5.)
8. Is the board encouraging the production of high quality, safe food? (Section 6.)
9. Is the board recognizing and encouraging voluntary standards programs sanctioned by Government as standards for identifying and labeling specialty products? (Section 7.)
10. Is the board ensuring that its policies and decisions do not inhibit the economic viability of regional industries; considering the need for appropriate mechanisms to sustain regional industries; and striving to accommodate producers and processors pursuing innovative or specialized market opportunities available in the regions? (Section 8.)

The answers to these questions might provide the boards with some of the information required to develop, or confirm, allocation principles and criteria that show these policy objectives are being supported. Although I will leave it for Andy Dolberg to pursue this point later, they could also form part of BCFIRB's assessment of the effectiveness of the Specialty Review in terms of what is going well and what is not. Identifying current shortfalls will assist BCFIRB in determining at least some of the issues that will need further review during the 2009 consultation process.

If you have any comments on this suggested approach, please let me know. Otherwise, I will leave it with you with respect to the allocation principles and criteria issue and with Andy for eventual follow up with the board regarding the Specialty Review mid-term assessment.

Yours truly,



Jim Collins
General Manager

pc Jack Wessel, General Manager
British Columbia Cranberry Marketing Commission

Rita Walker, Chair
British Columbia Hog Marketing Commission

Tom Demma, General Manager
British Columbia Vegetable Marketing Commission