

BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

IN THE MATTER OF THE *NATURAL PRODUCTS MARKETING (BC) ACT* AND

THE PRIOR APPROVAL OF THE  
BRITISH COLUMBIA EGG MARKETING BOARD  
2022 GROWTH QUOTA DISTRIBUTION PLAN

May 3, 2022

## Decision Summary

1. The BC Farm Industry Review Board (BCFIRB) approves the BC Egg Marketing Board's (Egg Board) March 1, 2022 recommendation to:
  - a) Place the 7,490 growth quota units in its Quota Reserve Temporary Allocation Pool B (TAP B) for temporary lease to all producers.
  - b) Issue this quota under the Multi-Allocation Policy (MAP) when there is sufficient total quota from the next national growth allocation to fulfill the MAP commitments.
2. If there is insufficient quota to fulfill the MAP commitments by April 2023 the Egg Board is to report to BCFIRB on whether or how the 7,490 growth quota units will be allocated to producers.

## Introduction

3. On July 3, 2019, BCFIRB approved the Egg Board's MAP.<sup>1</sup> The MAP sets out how the Egg Board will distribute growth quota to producers for a total of three national allocations, starting in 2019.
4. Under the MAP, the Egg Board distributes national growth allocations in the following order:
  - a) If required, top-up its Quota Reserve to 60,000 quota units for its New Producer Programs;
  - b) Distribute a defined portion to all producers with non-conventional layer housing systems<sup>2</sup> via equal distribution (a fixed number of 100 quota units per eligible producer in 2019, 150 quota units in 2020 and 200 quota units at the next national growth allocation); and,
  - c) Distribute any remaining growth quota pro-rata to active producers in good standing.
5. In December 2021 the Farm Products Council of Canada (FPCC) approved a national growth allocation. BC's share of the national growth allocation is 7,490 quota units.

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<sup>1</sup> 2019, July 3. BCFIRB. [In the Matter of the Natural Products Marketing \(BC\) Act and the Prior Approval of the British Columbia Egg Marketing Board Quota Distribution Policy, Multi Allocation Policy, Temporary Allotment Program, New Producer Program, and Quota Reserve Policy.](#)

<sup>2</sup> E.g., enriched cages, aviary, free run, free range.

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6. On March 1, 2022 the Egg Board requested BCFIRB prior approval for its 2022 growth quota distribution plan:
  - a) Place the 7,490 quota units in the Reserve (TAP B) for temporary lease to all producers.
  - b) Distribute 7,490 quota units, along with the next national growth allocation per the Egg Board's third allocation MAP commitment.

### **Issue**

7. The issue before BCFIRB is the prior approval of the Egg Board's 2022 growth quota distribution plan.

### **Legal Authorities**

8. Production and marketing of eggs are regulated under *the Natural Products Marketing (BC) Act (NPMA)* and the British Columbia Egg Marketing Scheme, 1967 (Egg Scheme).
9. Section 37(c) of the Egg Scheme requires the Egg Board to obtain BCFIRB prior approval to vary quotas the Egg Board has issued to producers and the terms and conditions upon which quota shall be issued or transferred.

### **BCFIRB Expectations and Directions**

#### ***Expectations***

10. BCFIRB has used the following framework for egg allocation prior approval decisions since 2014:
  - a) Has the Egg Board:
    - i. Effectively and strategically engaged with its stakeholders, including non-egg industry stakeholders and the public where appropriate?
    - ii. Evaluated whether quota policies and programs are effective and strategic in meeting sound marketing policy objectives?
    - iii. Identified issues and gaps?
    - iv. Proposed solutions?
    - v. Reported its findings and recommendations to BCFIRB, including a full rationale?
  - b) Do the Egg Board allocation distribution and recommendations:

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- i. Adhere to legislative requirements?
- ii. Reflect the intent of supply management?
- iii. Consider provincial agricultural policy?
- iv. Reflect a principles-based approach to regulation?

**Directions**

11. In its 2019 MAP approval decision, BCFIRB issued the following directions:

That the Egg Board report provided to BCFIRB when EFC forecasts a national allocation increase includes the following:

- a) Quantitative information demonstrating that the allocation policy and procedure is forecast to meet the five major priorities of the Egg Board listed in its May 27, 2019 submission:
  - i. Promote animal welfare;
  - ii. Support growth of small farms and new entrants;
  - iii. Support regional growth;
  - iv. Meet emerging market needs; and,
  - v. Encourage producers to move out of conventional production systems.
- b) An updated table showing the date of Egg Farmers of Canada national allocation proposal; the date of FPCC approval; the date quota is distributed by the Egg Board; when producers apply for chick placement permits and status of quota utilization.

**Analysis**

- 12. The national growth allocation was insufficient for the Egg Board to meet its MAP third-year equal distribution commitment of 200 quota units per eligible producer.
- 13. In 2020, the Egg Board encountered a similar situation where the amount of the national growth quota was insufficient to fulfill MAP's second-year equal distribution commitment. The Egg Board:
  - a) Received BCFIRB's approval to place the allocation into its Reserve for temporary lease by all producers (Temporary Allotment Program (TAP) B).
  - b) Combined the 2020 growth quota with the subsequent national allocation.

The quota was distributed in October 2021 under MAP: 150 quota unit equal distribution and 1.56% pro-rata increase for eligible producers.

### ***Process***

14. The Egg Board's process and submission generally met BCFIRB's expectations framework.
15. The Egg Board was inclusive and transparent in consulting with the Egg Industry Advisory Committee (EIAC) and the BC Egg Producer's Association (BCEPA). Limiting consultation to the BCEPA and EIAC, as was done in 2020 is sufficiently inclusive given the small amount of quota and the importance to industry and consumers of a timely decision. The Egg Board did not provide its final rationale and recommendations to industry. Doing so would support transparency.
16. The Egg Board was strategic in that it considered four quota distribution options, including modification to the MAP. These options included:
  - a) Allocate 50 quota units, rather than 200 quota units under the equal distribution requirement.
  - b) Use the current Reserve to fulfill the equal distribution requirement (7,490 units growth quota plus 22,130 units Reserve quota).
  - c) Make the 7,490 quota units available for temporary lease by all producers through the existing TAP B. Combine with the next EFC allocation for 200 units equal distribution.
  - d) Make the 7,490 quota units available for temporary lease by all producers through a new, separate Temporary Allocation Program. Combine with the next EFC allocation for 200 units equal distribution.
17. A SAFETI<sup>3</sup>-based rationale for the Egg Board recommendation was provided to BCFIRB.

### ***Egg Board Submission and Recommendation***

18. Overall, the Egg Board's submission demonstrates MAP is fulfilling its stated policy objectives of:
  - i. Promoting animal welfare;
  - ii. Supporting growth of small farms and new entrants;

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<sup>3</sup> Strategic Accountable Fair Effective Transparent Inclusive

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- iii. Supporting regional growth;
  - iv. Meeting emerging market needs; and,
  - v. Encouraging producers to move out of conventional production systems.
19. Given MAP is fulfilling its objectives it is effective and strategic for the Egg Board to continue to distribute growth quota in accordance with MAP. However, the Egg Board is unable to fulfill its MAP equal distribution commitment of 200 quota units to incentivize continued conversion to non-conventional cage systems.
20. Using Reserve quota to meet the equal distribution commitment reduces quota available to start new entrants and support their growth. <sup>4</sup> Supporting new producer entry<sup>5</sup> and growth<sup>6</sup> is a strategic longer-term industry development and public interest objective. It is not effective or accountable to trade off these objectives for short-term producer interest of immediately receiving growth quota. Based on the Egg Board's final recommendation, all producers will have an opportunity to access the quota until such time it is distributed under MAP.
21. Creating a new Temporary Allocation Pool to keep the growth quota separate until it is distributed under MAP is not effective. According to the Egg Board, producers would need to complete a new and separate application to access the quota, adding an administrative burden for producers and the Egg Board.
22. As it was in 2020, it is strategic and accountable for the Egg Board to temporarily make the growth quota available for lease by all producers until the next national allocation. It allows the Egg Board to fulfill its allocation commitments under MAP, which is continuing to meet its objectives. Graders are required to sign off on production type, ensuring egg-type market demands will be met.

## Decision

23. BCFIRB approves the Egg Board March 1, 2022 recommendation to:
- a) Place the 7,490 growth quota units in its Quota Reserve Temporary Allocation Pool B (TAP B) for temporary lease to all producers.
  - b) Issue this quota under the Multi-Allocation Policy (MAP) when there is sufficient total quota from the next national growth allocation to fulfill the MAP commitments.

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<sup>4</sup> Egg Board Reserve objective: no less than 30,000 quota units and no more than 60,000 quota units.

<sup>5</sup> New Producer Program objective to start 2 new producers/year (total 6,000 quota units).

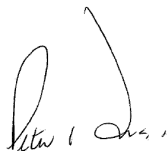
<sup>6</sup> TAP A offers qualifying new entrants with the opportunity to produce as much as 1,000 quota units above their quota held for 5 years.

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24. If there is insufficient quota to fulfill the MAP commitments by April 2023 the Egg Board is to report to BCFIRB on whether or how the 7,490 growth quota units will be allocated to producers.

In accordance with s. 57 of the *Administrative Tribunals Act*, “an application for judicial review of a final decision of (BCFIRB) must be commenced within 60 days of the date the decision is issued.”

Dated at Victoria, British Columbia, this 3<sup>rd</sup> day of May 2022.



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Peter Donkers  
**Chair**



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Al Sakalauskas  
**Vice Chair**



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Wendy Holm  
**Member**



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Tamara Leigh  
**Member**



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Pawan Joshi  
**Member**



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Dennis Lapierre  
**Member**



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Harveen Thauli  
**Member**



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David Zirnheldt  
**Member**