



November 14, 2013

File: 44200-20/EMB QUOTA
ALLOCATION

DELIVERED BY EMAIL

Al Sakalauskas
Executive Director
BC Egg Marketing Board
250 – 32160 South Fraser Way
Abbotsford BC V2T 1W5

Dear Mr. Sakalauskas:

**QUOTA DISTRIBUTION APPROVAL – BC FARM INDUSTRY REVIEW BOARD
EXPECTATIONS**

On November 7, 2013 Egg Farmers of Canada passed a motion to submit a national allocation increase request to Farm Products Council of Canada (FPCC). Given the concerns previously expressed in regards to national allocation issues, whether this request is approved by FPCC remains to be seen. However, in recognition of the importance of timely decision making to the BC egg industry should FPCC approve the allocation request, on behalf of the BC Farm Industry Review Board (BCFIRB) I am setting out this board's general expectations regarding quota distribution.

Most of the following will not be new to you given the previous BC quota allocation processes in 2009 and 2010 and our various discussions and correspondence since then.

I will briefly recap BCFIRB's legislated requirement related to prior approval of quota allocation and then confirm the related expectations of the Egg Board.

Prior Approval Requirement

Section 37(c) of the [British Columbia Egg Marketing Scheme](#) requires BCFIRB to prior approve any new allocation of quota to producers, as well as any terms and conditions established by the Egg Board for issuing and transferring quota.

BCFIRB has issued prior approval allocation decisions and directions to the Egg Board in 2001, 2009, and 2010. These decisions are available on BCFIRB's web site under "[Supervisory Review Decisions](#)".

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Farm Industry Review Board

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BCFIRB Expectations

BCFIRB's general expectations of the Egg Board in relation to any prior approval under s. 37(c) are based on the SAFETI principles¹ and are as follows:

- a comprehensive analysis of, and sound rationale for, any recommendations submitted to BCFIRB for decision(s);
- appropriate consultation with stakeholders (as reflected in the 2009 and 2010 prior approval processes);
- outstanding issues from previous quota allocation prior approvals are addressed appropriately, and in particular the production of Eggs for Processing quota, accounting of quota reserves and allocations to new entrant and small lot authorization programs must be clearly and fully addressed; and,
- an outline of the potential implications of the proposed 'Service Fee – New Allocations' to BC producers, graders, breakers and consumers is provided.

In addition, as previously communicated to all BC supply-managed boards and commissions, the Egg Board may wish to keep the following points in mind²:

Value

- As required by legislation, quota is to have no monetary value attached by the boards, and remains the property of the boards at all times.

Expectations of Producers

- Producers are to be actively engaged in production and committed to being in the industry. Quota confers a privileged opportunity to producers, and a corresponding responsibility.

Economic Opportunity

- Quota management retains flexibility for responding to market demand. This can include, among other options, recent leasing proposals by the BCEMB and regional industry considerations where economically viable.
- Quota management supports innovative, efficient approaches to production and marketing that has potential to create sustainable demand for BC products.
- Quota management supports opportunity for industry growth and development of specialty markets.

Effective, strategic, planning and actions by your board in relation to its role in the legislated prior approval process will support BCFIRB in providing a timely response to the Egg Board's

¹ SAFETI principles – strategic, accountable, fair, effective, transparent, inclusive. For definitions and further information about principles-based regulation, see the BCFIRB web site "[Governance Initiative](#)".

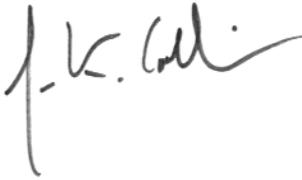
² These points are summarized from legislation, BCFIRB directions (2005 Specialty Review) and the BC Ministry of Agriculture's 2004 Regulated Marketing Economic Policy.

recommendations. This will allow all sectors of the BC egg industry to move forward quickly in utilizing any new production.

In closing, under principles-based regulation, the Egg Board has the opportunity to clearly demonstrate to BCFIRB how its quota management is effective, strategic and accountable in terms of sound marketing policy that balances the business needs of the industry and the public interest through a fair, inclusive and transparent process.

BCFIRB staff remains available to address any questions the Egg Board may have in preparing its prior approval request should FPCC approve the national allocation.

Yours truly,

A handwritten signature in black ink, appearing to read "J. K. Collins". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Jim Collins
Executive Director

cc: BCFIRB web site