



August 21, 2015

File: 44200-60/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 – EXPECTATIONS**

On July 7, 2015 Egg Farmers of Canada (EFC) passed motions approving submissions to Farm Products Council of Canada (FPCC) for prior approval to increase the national table egg allocation and temporarily increase the Eggs for Processing allocation. This follows on the heels of three national allocation increases since 2013.

The BC Farm Industry Review Board (BCFIRB) acknowledges that FPCC must prior approve any new national allocation. A major purpose of this letter, regardless of the outcome of the current application, is to outline BCFIRB's expectations with respect to future recommendations from the Egg Board on how to distribute BC's share of production increases.

The Egg Board is not forestalled from having current information and a process in place in order to make a timely submission to BCFIRB when a new national allocation increase is approved by FPCC. Effective and strategic planning and actions by the Egg Board will support BCFIRB in providing a timely response to the Egg Board's recommendations. This will allow all sectors of the BC egg industry to move forward quickly in utilizing any new production.

BCFIRB regularly communicates its expectations to the Egg Board well ahead of time through public letters and other information. This allows the Egg Board to develop and carry out its information collection (including any necessary consultation) and critical analysis, and provide its quota distribution policy recommendations, supported by sound rationale, in a timely way.

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Farm Industry Review Board**

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## BCFIRB Expectations

First and foremost, BCFIRB's general expectations of the Egg Board in relation to any prior approval under the BC Egg Marketing Scheme, 1967 are based on the Egg Board meeting SAFETI-based<sup>1</sup> process and outcome expectations. These expectations have been shared previously<sup>2</sup> and are summarized as follows:

### *Process Expectations -- Has the Egg Board:*

- Effectively and strategically engaged with its stakeholders?
- Evaluated whether its quota distribution policy is effective and strategic in meeting sound marketing policy objectives?
- Identified issues and gaps in addition to any other questions it determines are important from a sound marketing policy and public interest point of view;
- Proposed solutions?
- Reported its findings, recommendations and rationale to its stakeholders and BCFIRB?

### *Outcome Expectations -- Do the Egg Board recommendations:*

- Adhere to legislative requirements, including sound marketing policy (e.g. flexibility to meet market demands, supports innovative, efficient approaches to production, supports opportunity for industry growth and development of markets)?
- Reflect the intent of supply management?
- Consider provincial agricultural policy?
- Reflect a principles-based approach to regulation?

BCFIRB's July 17, 2015 prior approval decision (pg. 8)<sup>3</sup> also reflects an opportunity to improve on a timely approval process – both in terms of the Egg Board process and submission and BCFIRB's process and decision,

BCFIRB agrees with the Egg Board and other stakeholders that it would be effective to find a new approach to prior approvals that would result in more expedited approvals. Any approach should see the Egg Board taking a proactive role in supporting EFC in improving national forecasting and market identification to enable timely, market responsive decision-making with respect to national allocations. In turn, proactive Egg Board actions in BC would support timely, informed submissions to BCFIRB which would enable BCFIRB to provide expedited approvals. Any proposed approach, however, must adhere to SAFETI principles and result in sound marketing policy.

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.

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

<sup>2</sup> November 14, 2013; March 14, 2014; October 8, 2014

<sup>3</sup> July 17, 2015. [Prior Approval Review of the BC Egg Marketing Board Quota Distribution Policy](#).

### ***Previous directions***

As set out in paragraph 4 of the March 16, 2015 prior approval decision,<sup>4</sup> BCFIRB requires the Egg Board to submit quarterly reports to BCFIRB and on its web site on the percentage of quota placed and in production. This condition must be met prior to the Egg Board making any future submission for prior approval of its policy distribution policy.

BCFIRB also expects the Egg Board to meet and report out on the conditions in the July 17, 2015 prior approval decision,<sup>5</sup> either prior to or part of a future submission for prior approval.

### ***Looking forward***

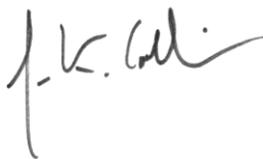
The last comprehensive presentation of market conditions, program review and stakeholder input was provided to BCFIRB on May 6, 2014 as part of an Egg Board prior approval submission. Since that time, the Egg Board relied upon this work in two following prior approval submissions (November 3, 2014 and June 9, 2014).

Circumstances have changed significantly since early 2014, including the 2015 US avian influenza outbreak, the shortage of processing eggs, the addition of small lot permit holders, and a new entrant lottery. BCFIRB expects the next submission will take into account these changing circumstances and provide current information and stakeholder input.

BCFIRB also understands the Egg Board is reviewing several programs (e.g., quota exchange) and considering some potentially significant changes to how egg quota is managed in BC. These, too, will require a strict demonstration of SAFETI principles before being finalized by the Egg Board and, as necessary, approved by BCFIRB. As discussed at our July 30, 2015 meeting, it is suggested that when the next submission is made, representatives of your board meet with BCFIRB. This will enable BCFIRB to review and assess the submission in the context of the Egg Board's strategic vision and objectives for the BC egg industry and the SAFETI-based processes the Egg Board will utilize to realize those objectives.

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,



Jim Collins  
Executive Director

cc: BCFIRB web site

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<sup>4</sup> March 16, 2015. [Prior Approval Review of the BC Egg Marketing Board Quota Distribution Policy.](#)

<sup>5</sup> July 17, 2015. [Prior Approval Review of the BC Egg Marketing Board Quota Distribution Policy.](#)