



March 4, 2015

File: 44200-40 QUOTA
ALLOC EMB

DELIVERED BY EMAIL

Brad Bond
Chair
BC Egg Marketing Board
250 – 32160 South Fraser Way
Abbotsford BC V2T 1W5

Dear Mr. Bond:

BC EGG MARKETING BOARD 2014 QUOTA DISTRIBUTION POLICY – NEW PRODUCER PROGRAM

The BC Egg Marketing Board (Egg Board) submitted its “Quota Distribution Approval Request, October 2014” to the BC Farm Industry Review Board (BCFIRB) on November 3, 2014. The Egg Board requested BCFIRB prior approve pro-rata distribution of BC’s share of the September 30, 2014 national quota allocation (44,475 layers)¹. The submission included a progress report on BCFIRB’s July 28, 2014 directions, including the New Producer Program (NPP).

Given the Egg Board desire to expedite initiating the NPP, this letter responds to the program revisions. BCFIRB will address distribution of the new national allocation, approved by Farm Products Council of Canada on September 30, 2014, in a following decision.

Background

In its July 28, 2014 decision, BCFIRB supported the Egg Board’s proposal to evaluate the NPP. It did not approve the Egg Board’s proposal to not select any new entrants in 2014. BCFIRB reiterated its expectation that the Egg Board would adhere to its commitment of starting a minimum of two producers every year. However, BCFIRB did leave it to the Egg Board’s discretion to determine how this direction, in conjunction with fulfilling other public policy objectives, is met.

¹ Section 37(c) of the BC Egg Marketing Scheme sets out that the Egg Board requires the prior approval of BCFIRB to vary quotas the Egg Board has issued to producers and “...the terms and conditions upon which they [quota] shall be issued or transferred...”.

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Farm Industry Review Board**

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The Egg Board successfully completed its review (including consultation) and updating of the NPP. Following a January 2015 meeting with BCFIRB, the Egg Board provided BCFIRB with a near final draft of its “2015 New Producer Program – Application Review and Selection Policies and Procedures” (draft Application Policies and Procedures) dated February 3, 2015. BCFIRB reviewed the Application Policies and Procedures document as part of its allocation prior approval considerations.

New Producer Program

Regular program review and updating to ensure legal requirements and sound marketing policy objectives continue to be met is an example of good governance. Overall BCFIRB is pleased to see the Egg Board revisiting its NPP in a timely manner.

After reviewing the draft Application Policies and Procedures, BCFIRB has the following direction and recommendation.²

1. First, the Egg Board must incorporate a draw into the new entrant process if there are more Qualifying Applicants who exceed the threshold Substantive Review Requirements score than available positions. The previous Egg Board draw system, coupled with a pre-screening process, appears to have provided positive results in terms of a fair, transparent and accountable process for bringing new people to the industry.
2. Second, the Egg Board clearly and publically communicates procedures and criteria at the start of the entry process (e.g. number to be selected, key dates – including business start dates, selection criteria and scoring system).

New Producer Program Quota

The draft Application Policies and Procedures sets out:

The BCEMB will give due consideration to the availability of quota provided through national quota allocations to BC. Should market conditions change such that BC does not receive national quota allocation or must reduce its quota allocation, the BCEMB may choose to suspend the issuance of new licenses under the NPP until such time that market growth resumes and further national allocation is provided to BC.

BCFIRB reminds the Egg Board that the NPP is funded through quota transfer assessments (LIFO 10/10/10 and 5%). These assessments were put in place to ensure government policy objectives in the Regulated Marketing Economic Policy were met. Unless these directions are amended by BCFIRB, receipt of national allocation is not the only acceptable factor in determining whether to issue new licenses. BCFIRB expects the Egg Board will amend its communications as needed.

² Under s. 7.1 of the *NPMA*, BCFIRB is responsible for the general supervision of all marketing boards and commissions in the province, including the Egg Board. Section 7.1(2) of the *NPMA* provides for this supervisory authority to be exercised “at any time, with or without a hearing, and in the manner [BCFIRB] considers appropriate to the circumstances”. Under s. 9 of the *NPMA*, BCFIRB “has exclusive jurisdiction to inquire into, hear and determine all those matters and questions of fact, law and discretion arising or required to be determined by [BCFIRB] under [the *NPMA*]”

New Producers – Looking Forward

The Egg Board indicated its decision criteria will include consideration of a potential new producer's intent to grow their operation over time. As a result the Egg Board will have to consider to what degree legitimate growth opportunities exist or can be created in the short and long-term. For example, availability of quota on the exchange, share of future national allocations or through other programs.

Closing

BCFIRB notes the Egg Board's approach in using the NPP to meet both industry and public policy objectives is strategic. It is important that the NPP also build and maintain stakeholder and public trust through transparent and accountable processes. BCFIRB looks forward to the Egg Boards report on the outcome of the NPP.

If you have any questions, please contact BCFIRB.

Yours truly,

A handwritten signature in black ink, appearing to read "John Les". The signature is fluid and cursive, with a large loop at the end.

John Les
Chair

cc: BCFIRB website