



February 2, 2016

File: 44200-60/EMB QUOTA  
ALLOCATION

**DELIVERED BY EMAIL**

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

Dear Mr. Yochim:

**PRIOR APPROVAL REQUEST – FOLLOW UP QUESTIONS**

On November 18, 2015, Farm Products Council of Canada (FPCC) approved an increase to the national egg allocation requested by Egg Farmers of Canada (EFC). EFC subsequently issued BC's share of the national allocation to the BC Egg Marketing Board (Egg Board). The new BC allocation increase triggered the Egg Board's December 23, 2015 request to the BC Farm Industry Review Board (BCFIRB) for prior approval of its quota distribution policy.

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 were shared on many previous occasions.<sup>2</sup> For example, BCFIRB's August 21, 2015 letter of expectations stated:

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 met and reviewed the Egg Board submission on January 13, 2016. In its January 19, 2016 letter<sup>3</sup> BCFIRB reported to the Egg Board that the submission did not sufficiently

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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> For example, [November 14, 2013](#); March 14, 2014; [October 8, 2014](#); [August 21, 2015](#). Not including expectations set out in previous allocation prior approvals.

<sup>3</sup> 2016, Jan 19. BCFIRB. [Prior Approval Request – Quota Distribution Policy](#).

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**British Columbia  
Farm Industry Review Board**

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demonstrate a SAFETI-based decision process nor provide a sound, complete rationale for the Egg Board's recommendations. BCFIRB is in the position of not having adequate information to determine whether the Egg Board recommendation for pro-rata distribution of the current and potential future allocation fulfills sound marketing policy.

To resolve this situation, the following is a list of initial outstanding SAFETI-based questions on process and outcome to be discussed at the February 11, 2016 meeting with BCFIRB.

### **Process**

Principles-based regulation focuses on using sound process to help build effective, strategic and accountable outcomes (sound marketing policy in the public interest).

1. Did the Egg Board effectively and strategically engage with its stakeholders? How? What was the outcome?
2. Did the Egg Board consult with the Egg Industry Advisory Committee (EIAC) as required by s. 36(3) of the BC Egg Marketing Scheme? What was the outcome?
3. Did the Egg Board evaluate whether its pro-rata distribution policy is effective and strategic in meeting sound marketing policy objectives? Please explain.
  - a. For example, does adding to current utilization and “not responded” rates for the previous three growth allocations support a sound marketing policy argument for pro-rata distribution?
  - b. For example, what proportion of egg imports is driven by table egg demand versus processing demand? How does pro-rata allocation with priority to the table market address this sound marketing policy consideration?
  - c. For example, in 2005 BCFIRB established a policy of pro-rata allocation for growth<sup>4</sup> based on economic rationale. Does this policy and rationale continue to outweigh considerations raised in #4 below? If so, why?
4. Did the Egg Board consider alternatives based on the changing circumstances since 2014 (US avian influenza, shortage of processing eggs, three recent growth allocations, quota utilization, new entrant draw, etc)? Please explain.
  - a. For example, how do outstanding national questions on layer housing alongside retail trends influence where production is needed in 2 plus years?
  - b. For example, are there short and/or long-term regional growth considerations? (e.g. industry development, disease risk management).
  - c. For example, are there short and long-term new entrant considerations?
5. Did the Egg Board clearly communicate its rationale and recommendations to its stakeholders, including an analysis of sound marketing policy? How?

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<sup>4</sup> 2005 September 1. BCFIRB. [Specialty Market and New Entrant Submissions: Policy, Analysis, Principles and Directions.](#)

## **Outcome**

BCFIRB's expectation is that a recommended outcome requires the Egg Board to clearly demonstrate how its final decision is in accord with sound marketing policy as required under s. 9 of the *Natural Products Marketing (BC) Act*.

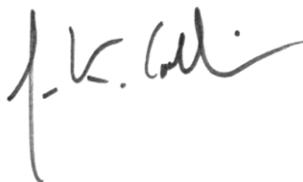
1. How do the Egg Board recommendations adhere to legislative requirements, including sound marketing policy (e.g., flexibility to meet market demands, supports innovative, efficient approaches to production, supports opportunity for industry growth and development of markets)?
2. How do the Egg Board recommendations contribute to provincial agricultural policy and growth objectives, including the Regulated Marketing Economic Policy and the B.C. Agrifood and Seafood Strategic Growth Plan?

## **Looking forward**

As the Egg Board and BCFIRB continue to discuss, there are outstanding national allocation issues that influence provincial production, including, but not limited to, market forecasting, pricing and levies, effective, accountable management of processor demand and distribution of growth considering the principle of comparative advantage<sup>5</sup>. BCFIRB looks forward to continuing to work with the Egg Board on potential ways forward.

BCFIRB staff remains available to address any questions the Egg Board may have leading up to the February 11, 2016 meeting.

Yours truly,



Jim Collins  
Executive Director

cc: BCFIRB web site

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<sup>5</sup> s. 23(2) [Farm Products Agencies Act](#)