

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
2020 QUOTA DISTRIBUTION POLICY

April 28, 2020

DECISION SUMMARY

1. The BC Farm Industry Review Board (BCFIRB) approves the BC Egg Marketing Board's (Egg Board) recommendation to:
 - a) Temporarily place the 14,916 growth quota units in to its Quota Reserve Temporary Allocation Pool (TAP) B; and
 - b) Issue this quota when there is sufficient total quota available to provide 150 layers per eligible producer under the Multi-Allocation Policy equal distribution commitment.
2. As a consequence of this decision, the implementation of the Egg Board Multi-Allocation Policy is deferred. It may be applied at the time of the next national growth allocation.

INTRODUCTION

3. In British Columbia, the production and marketing of eggs is regulated under the *Natural Products Marketing (BC) Act (NPMA)* and the British Columbia Egg Marketing Scheme, 1967 (Egg Scheme).
4. The Egg Board, formed under the Egg Scheme, is the first instance regulator of the production and marketing of eggs in BC.
5. 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.
6. On July 3, 2019, BCFIRB approved the Egg Board's Multi-Allocation Policy (MAP).¹ As of 2019, the MAP sets out how the Egg Board will distribute growth quota to producers for a total of 3 national allocations.
7. Under the MAP, the Egg Board would distribute the 2020 allocation and any subsequent national growth allocation 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 systems² 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,

¹ 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.](#)

² E.g. enriched cages, aviary, free run, free range.

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- c) Distribute any remaining growth quota pro rata to active producers in good standing.
- 8. On December 18, 2019, Farm Products Council of Canada approved the Egg Farmers of Canada's (EFC) request to increase the national production (allocation) by 105,965 layers for a total of 27,538,822 layers. This represents an increase of 14,916 layers for BC.
- 9. On March 4, 2020, the Egg Board submitted its recommendation for distributing the 14,916 quota units.
- 10. The result of receiving this small amount of growth quota is that the Egg Board cannot meet its equal distribution commitment of 150 quota units per producer under MAP. As such, it recommends temporarily placing the 14,916 quota units in to its Quota Reserve. Once there is sufficient quota available through national allocations the Egg Board will issue the outstanding 150 layers to all eligible producers. Until the quota is distributed, it will be available for lease by all producers under the TAP B program, approved by BCFIRB on July 3, 2019.

ISSUE

- 11. The issue before BCFIRB is the prior approval of the Egg Board's 2020 quota distribution policy, submitted to BCFIRB on March 4, 2020.

DECISION PROCESS

- 12. BCFIRB used the following general supervisory process and outcomes framework to guide its decision making. BCFIRB has consistently communicated and used this framework for egg allocation and New Producer Program prior approval decisions starting with its July 28, 2014 allocation prior approval decision:³
 - 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?

³ 2014 July 28. BCFIRB. [In the Matter of the Natural Products Marketing \(BC\) Act and the Prior Approval of the British Columbia Egg Marketing Board 2013 Quota Distribution Policy and Egg Core Review.](#)

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- b) Do the Egg Board allocation distribution and recommendations:
- 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?
13. BCFIRB also assessed the Egg Board's submission against its 2019 directions:
- a) That the Egg Board report provided to BCFIRB when EFC forecasts a national allocation increase includes the following:
 - i. 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:
 - Promote animal welfare;
 - Support growth of small farms and new entrants;
 - Support regional growth;
 - Meet emerging market needs; and,
 - Encourage producers to move out of conventional production systems.
 - b) An updated table showing the date of EFC national allocation proposal; the date of Farm Products Council of Canada approval; the date quota is distributed by the Egg Board; when producers apply for chick placement permits and status of quota utilization.

ANALYSIS

14. BCFIRB approved of the Egg Board's MAP based on an assumption that national growth allocations would continue at similar levels (approximately 71,000 layers of quota on average over the last five years) for the next two growth allocations. Therefore, there would be growth quota to distribute under MAP. Given the small amount of 2020 growth quota, the Egg Board cannot fulfill its MAP commitment for equal distribution amongst all eligible producers for this allocation. As such the Egg Board is proposing an alternative to using MAP for distributing the 2020 growth allocation.

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15. Overall, the Egg Board's process and submission generally met BCFIRB'S expectations framework in paragraph 12. In coming to its recommendation, it considered four options, consulted with both the Egg Industry Advisory Committee (EIAC) and the BC Egg Producers Association (BCEPA), and provided a SAFETI⁴-based rationale.
16. The Egg Board generally met BCFIRB's expectations outlined in paragraph 13. The Egg Board provided quantitative information assessing its recommendation against its five quota management priorities. It also provided the required updated information (paragraph 13(b)) and additional related data on quota distribution and utilization.
17. The Egg Board did not consult directly with producers. Given the small amount of quota allocated (0.45% growth), the Egg Board determined it was not necessary to consult more broadly, BCFIRB notes that forecasting availability of quota is a core part of producer business planning. BCFIRB is satisfied that the Egg Board's approach to consultation in this case was sufficiently inclusive and by posting the submission the Egg Board was transparent.
18. The Egg Board was strategic in that it considered four distinct quota distribution options, including modification to the MAP. These options included:
 - 1) Allocate the 14,916 units equally to all eligible producers. This would result in an equal distribution of 103 quota units to each producer.
 - 2) Allocate 21,600 units equally to all eligible producers. This would result in an equal distribution of 150 quota units per producer and would require the Egg Board to use an additional 6,684 quota units from its Quota Reserve.
 - 3) Do not allocate in 2020 as the Egg Board is unable to meet the equal distribution MAP commitment. The 14,916 quota units would be made available for use by producers through Temporary Allotment Pool B in July 2020, and then combined with the next EFC allocation for 150 unit equal distribution, possibly in 2021.
 - 4) Do not allocate in 2020 as the Egg Board is unable to meet the equal distribution commitment under MAP. The 14,916 quota units would be made available for use by producers through a stand-alone, separate Temporary Allotment Program and then combined with the next national allocation for the 150 unit equal distribution portion for each producer, possibly in 2021.
19. The Egg Board recommends option 3. BCFIRB notes that option 3 can contribute to three of the Egg Board quota management goals: support growth of small farms and new entrants; support regional growth; and meet emerging market needs. BCFIRB observes that the data provided by the Egg Board shows TAP B leasing is not currently contributing to regional growth, however it agrees with the Egg Board that the opportunity exists.

⁴ Strategic Accountable Fair Effective Transparent Inclusive

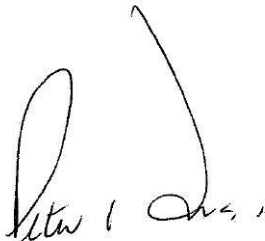
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20. Option 3 does not clearly contribute to the goal of encouraging producers to move out of conventional production systems. This is the goal that equal distribution was intended to support. However, grader sign-off on production type under TAP B leasing will ensure immediate market demands are met.
21. It is accountable for the Egg Board to abide by its 2019 commitment to distribute 150 quota units equally. It is strategic and accountable to consider the risk of EFC Liquidated Damages Assessment financial penalties, and the potential negative impacts to the New Entrant program posed by option 2. BCFIRB agrees that the program complexity posed by option 4 is not effective.

DECISION

22. The BC Farm Industry Review Board (BCFIRB) approves the BC Egg Marketing Board's recommendation to:
 - a) Temporarily place the 14,916 growth quota units in to its Quota Reserve Temporary Allocation Pool (TAP) B; and,
 - b) issue this quota when there is sufficient total quota available to provide 150 layers per eligible producer under the Multi-Allocation Policy equal distribution commitment.
23. As a consequence of this decision, the implementation of the Egg Board Multi-Allocation Policy is deferred. It may be applied at the time of the next national growth allocation.

Dated at Victoria, British Columbia, this 28th day of April 2020.



Peter Donkers
Chair



Al Sakalauskas
Vice Chair



Daphne Stancil
Member

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Tamara Leigh
Member



Pawan Joshi
Member



Dennis Lapierre
Member



Harveen Thauli
Member



David Zirnhelt
Member