

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
2021 GROWTH QUOTA DISTRIBUTION PLAN

Oct. 28, 2021

Decision Summary

1. The BC Farm Industry Review Board (BCFIRB) approves the BC Egg Marketing Board's (Egg Board) October 1, 2021 recommendation to:
 - a. Distribute 150 quota units to each eligible producer as the equal distribution portion of the 2021 quota allocation.
 - b. Distribute 50,864 quota units pro-rata to all producers who are in good standing with the Consolidated Order.

Introduction

2. 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.
3. Under the MAP, the Egg Board would distribute 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,
 - c. Distribute any remaining growth quota pro rata to active producers in good standing.
4. The national growth allocation approved in December 2019 by Farm Products Council of Canada (FPCC) was insufficient for the Egg Board to meet its second year (2020) equal distribution commitment of 150 quota units per producer under MAP.
5. On April 28, 2020 BCFIRB approved the Egg Board recommendation to:
 - a. Temporarily place the 14,916 growth quota units in its Temporary Allocation Pool (TAP) B for leasing; 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.

- b. Issue this quota when there is sufficient quota available to meet the 150 quota units per producer under MAP.
6. The current national growth allocation (approved by FPCC in September 2021) subject to this prior approval, is sufficient to fulfill the Egg Board's MAP equal distribution and pro-rata commitments.
7. On October 1, 2021 the Egg Board requested BCFIRB prior approval for its 2021 growth quota distribution plan:
 - a. Distribution of 150 quota units to each eligible producer as the equal distribution portion of the 2021 quota allocation.
 - b. Distribution of 50,864 quota units pro-rata to all producers who are in good standing with the Consolidated Order.

Issue

8. The issue before BCFIRB is the prior approval of the Egg Board's 2021 growth quota distribution plan, submitted to BCFIRB on October 1, 2021.

Legal Authorities

9. 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).
10. 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.

BCFIRB Expectations and Directions

Expectations

11. BCFIRB has used the following framework for egg allocation prior approval decisions since 2014:
 - 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?
- 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?

Directions

12. In its 2019 MAP approval decision, BCFIRB issued the following 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:
 - a. Promote animal welfare;
 - b. Support growth of small farms and new entrants;
 - c. Support regional growth;
 - d. Meet emerging market needs; and,
 - e. Encourage producers to move out of conventional production systems.
 - b. An updated table showing the date of Egg Farmers of Canada national allocation proposal; the date of FPCC approval; the date quota is distributed by the Egg Board; when producers apply for chick placement permits and status of quota utilization.

Analysis

Process

13. The Egg Board consulted extensively when it developed the MAP. Producers and graders were informed of the Egg Board's 2021 recommendations and had several

opportunities for input as part of a transparent, inclusive process. The Egg Industry Advisory Committee and the BC Egg Producer's Association supported the Egg Board's 2021 recommendations. The Egg Board submission reflects BCFIRB's expectations and meets the 2019 reporting directions.

Egg Board Submission and Recommendation

14. Overall, the Egg Board's submission demonstrates MAP is fulfilling its stated policy objectives of:
 - i. Promoting animal welfare;
 - ii. Supporting growth of small farms and new entrants;
 - iii. Supporting regional growth;
 - iv. Meeting emerging market needs; and,
 - v. Encouraging producers to move out of conventional production systems.
15. While this is the third national allocation distributed using MAP, the Egg Board determined it would distribute 150 quota units per producer, as opposed to the 200 quota units contemplated by MAP. Given the 2019 national allocation was insufficient to allow for the equal distribution (150 units planned), at the time BCFIRB approved the Egg Board delaying equal distribution to the next allocation (current allocation). BCFIRB expects the Egg Board will assess housing status and consider whether to proceed with a 200 equal unit distribution as part of its next allocation submission.
16. In its 2019 MAP approval decision, BCFIRB was concerned that new producers leasing quota from TAP A to increase production to 4,000 layers may find themselves at the end of 5 years with production they don't hold quota for. The rate and amount of national allocation increases means some new producers now hold sufficient quota for their production. In 2019 the Egg Board argued new producers would be expected to purchase quota from other producers over time. However, the Egg Board Quota Exchange has not run since 2018. The few quota transfers that did happen were exempt from the Quota Exchange (e.g. family transfers).
17. So long as national growth allocations continue, BCFIRB understands that TAP A is allowing new producers to increase their production, with some assurance they will have quota for 4,000 layers after five years. It would be strategic for the Egg Board to assess the risk to new producers next year and consider if any additional actions need to be taken if there are new producers who do not hold or cannot access sufficient quota for their production commitments under leased quota.

Decision

18. BCFIRB approves the Egg Board October 1, 2021 recommendation to:
- a. Distribute 150 quota units to each eligible producer as the equal distribution portion of the 2021 quota allocation.
 - b. Distribute 50,864 quota units pro-rata to all producers who are in good standing with the Consolidated Order.

In accordance with s. 57 of the *Administrative Tribunals Act*, “an application for judicial review of a final decision of (BCFIRB) must be commenced within 60 days of the date the decision is issued.”

Dated at Victoria, British Columbia, this 28th day of October 2021.



Peter Donkers
Chair



Al Sakalauskas
Vice Chair



Tamara Leigh
Member



Dennis Lapierre
Member



David Zirnelt
Member



Wendy Holm
Member



Pawan Joshi
Member



Harveen Thauli
Member