

BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

IN THE MATTER OF THE *NATURAL PRODUCTS MARKETING (BC) ACT* AND
THE PRIOR APPROVAL OF THE PROPOSED CHANGES TO THE
BRITISH COLUMBIA EGG MARKETING BOARD
CONSOLIDATED ORDER

September 5, 2023

DECISION SUMMARY

1. The issue before the BC Farm Industry Review Board (BCFIRB) is the prior approval of the BC Egg Marketing Board (Egg Board) Consolidated Order proposed amendments.
2. BCFIRB prior approves the proposed changes to the following sections of the Egg Board Consolidated Order:
 - a) Going Concern Sales (Part V); and
 - b) Quota Exchange (Part IV).
3. BCFIRB recommends the Egg Board choose one term to consistently describe quota through PART IV of its Consolidated Order for more clarity and uniformity.
4. BCFIRB does not need to prior approve the proposed change to the Temporary Allotment Programs (Part VII) of the Consolidated Orders.
5. BCFIRB directs the Egg Board to assess and report to BCFIRB on whether there is an increased volume of quota on the Quota Exchange and any unanticipated impacts on Going Concern Sales within one year following the implementation.

INTRODUCTION

6. On May 19, 2023, the Egg Board submitted to BCFIRB a request for approval for proposed changes to their Consolidated Order which are as follows:
 - a) Going Concern Sales (Part V);
 - b) Quota Exchange (Part IV), and;
 - c) Temporary Allotment Programs (Part VII).
7. Section 37(c) of the Egg Scheme requires the Egg Board to receive BCFIRB's prior approval before prescribing any quota management terms and conditions that may add to those already directed by BCFIRB.
8. In British Columbia, the production and marketing of eggs are regulated under the *Natural Products Marketing (BC) Act (NPMA)* and the Egg Scheme regulations. The Egg Board, formed under the Egg Scheme, is the first instance regulator of the production and marketing of eggs in BC. BCFIRB is

responsible for the general supervision of all B.C. commodity boards under the NPMA, including the Egg Board.

ISSUE

9. Are the proposed Egg Board Consolidated Order amendments, affecting the terms and conditions upon which quota shall be issued or transferred, sound-marketing policy?

ANALYSIS

10. In its May 19, 2023, submission, the Egg Board described its multi-phase, cross-industry consultation process on the proposed changes. Despite the very low response rate, it is evident impacted stakeholders had multiple opportunities for input. Overall, it appears the Egg Board generally conducted a SAFETI¹-based process and incorporated the feedback into its proposed changes to its Consolidated Order.

BCFIRB prior approval under the Egg Scheme

11. BCFIRB considered the amendments to the following Consolidated Order sections:
 - a) Going Concern Sales (Part V); and
 - b) Quota Exchange (Part IV).

Going Concern Sales (Part V)

12. The Egg Board is proposing to have a maximum of 20% transferable quota from a Going Concern Sale to be placed on the Quota Exchange. This proposed change is intended to increase the amount of quota available on the Quota Exchange and reduce barriers to entry and support farm growth, particularly for smaller farms and new entrants.
13. BCFIRB approves this change as it supports more growth within the smaller producers while still leaving the farm being sold through the Going Concern Sale a viable business. The Quota Exchange is the only financially viable avenue for smaller farms to acquire more quota and the only opportunity to grow at a faster rate than solely through growth allocations. BCFIRB directs that the Egg Board will monitor whether there is an increased volume of quota

¹ Strategic Accountable Fair Effective Transparent Inclusive

on the Quota Exchange and any unanticipated impacts on Going Concern Sales.

Quota Exchange (Part IV)

14. The Egg Board is proposing to lower the amount of quota required to trigger a quota transfer price increase on the Quota Exchange from 1.5% of the provincial quota to 6,000 quota units. The Egg Board's proposed change is to ensure that the mechanism for price change is reflective of the size of its industry and farms and to increase the amount of quota available on the Quota Exchange. The Egg Board is trying to mitigate the effects of not having any increase to the price on the Quota Exchange, as a non-reflective market price is unattractive to sellers and makes them reluctant to place quota on the Quota Exchange.
15. BCFIRB approves this change as it accords with BCFIRB's policy expectations that boards should be using pricing mechanisms to help ensure quota exchanges function transparently and accountably and that commodity boards are not to directly set quota price. BCFIRB agrees with the Egg Board's rationale that it is strategic and accountable for stakeholders while being responsive to market pressures.
16. In reviewing the Egg Board's proposed changes, BCFIRB noted inconsistency in how quota is referred to. For the purposes of transparency and accountability, BCFIRB recommends the Egg Board choose one term to consistently describe quota through PART IV of its Consolidated Order.

Temporary Allotment Programs (Part VII) proposed change

17. The Egg Board's proposed change will allow producers who are utilizing the Temporary Allotment Programs (TAP) A or B, which are leasing programs, to temporarily reduce their temporary allotments in certain circumstances until they can replace the hens.
18. Under s. 37(c) of the Scheme, BCFIRB is required to approve terms and conditions under which quota is issued or transferred. As leasing programs do not fall into the category of "terms and conditions of issuance or transfer" the Egg Board does not need BCFIRB's prior approval to adopt the proposed change related to its Temporary Allotment Programs (Part VII).

DECISION

19. BCFIRB prior approves the proposed changes to the following sections of the Egg Board Consolidated Order:

British Columbia Farm Industry Review Board
Prior Approval of the Proposed Changes to the British Columbia Egg Marketing Board
Consolidated Order
September 5, 2023

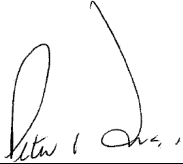
- a) Going Concern Sales (Part V); and
- b) Quota Exchange (Part IV).

20. BCFIRB recommends the Egg Board choose one term to consistently describe quota through PART IV of its Consolidated Order for more clarity and uniformity.

21. BCFIRB does not need to prior approve the proposed change to the Temporary Allotment Programs (Part VII) of the Consolidated Orders.

22. BCFIRB directs the Egg Board to assess and report to BCFIRB on whether there is an increased volume of quota on the Quota Exchange and any unanticipated impacts on Going Concern Sales within one year following the implementation.

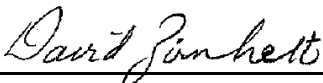
Dated at Victoria, British Columbia, this 5th day of September 2023



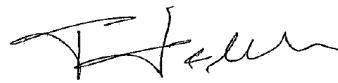
Peter Donkers
Chair



Al Sakalauskas
Vice Chair



David Zirnhelt
Member



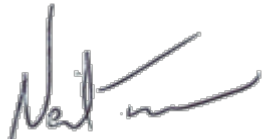
Pawan Joshi
Member



Dennis Lapierre
Member



Jane Pritchard
Member



Neil Turner
Member