



August 19, 2014

File: 44200-40 QUOTA
ALLOC EMB

DELIVERED BY EMAIL

Richard King
Chair
BC Egg Marketing Board
250 – 32160 South Fraser Way
Abbotsford BC V2T 1W5

Dear Mr. King:

**FOLLOW-UP TO BCFIRB JULY 28, 2014 DECISION - BC EGG MARKETING BOARD
2013 QUOTA DISTRIBUTION POLICY AND EGG CORE REVIEW**

On July 28, 2014, the BC Farm Industry Review Board issued its “Prior Approval of the British Columbia Egg Marketing Board 2013 Quota Distribution Policy and Egg Core Review – Part I” (Allocation Decision). On August 14, 2014, the BC Egg Marketing Board replied with its “BCEMB Response to BCFIRB July 28, 2014 Decision Note”.

BCFIRB acknowledges the Egg Board’s timely actions in response to BCFIRB’s directions, particularly in regards to the Egg Industry Advisory Committee (EIAC), Eggs for Processing (EFP) quota and the New Producer Program (NPP). BCFIRB expects the Egg Board to continue with establishing and consulting with the EIAC, establishing agreements and distributing EFP quota and bringing in new entrants through the NPP in an appropriate timeframe.

2013 Egg Farmers of Canada Allocation

BCFIRB is satisfied the Egg Board’s response and its accompanying attachments has met the condition set out in paragraph 101(a) of the Allocation Decision. The Egg Board may proceed with distributing 67,890 layers of quota pro-rata to licensed quota holders in good standing.

Reserve

BCFIRB does not see a need at this time to modify its decision regarding the Reserve as requested by the Egg Board (approval to distribute “15,955 layers held in the reserve from the 2013 EFC allocation”).

British Columbia
Farm Industry Review Board

Mailing Address:
PO Box 9129 Stn Prov Govt
Victoria BC V8W 9B5
Telephone: 250 356-8945
Facsimile: 250 356-5131

Location:
1st Floor, 780 Blanshard Street
Victoria BC V8W 2H1
Email: firb@gov.bc.ca
Website: www.firb.gov.bc.ca/

As set out in paragraph 106 of the Allocation Decision:

106. Before approving distribution of any remaining Reserve, BCFIRB requires the Egg Board to meet the condition set out in 6(a) and submit to BCFIRB the amount of quota remaining and its source.

BCFIRB is satisfied the Egg Board has met the conditions set out in paragraph 6(a) of the Allocation Decision. All that remains is for the Egg Board to submit to BCFIRB the amount of quota in the reserve that is not a result of transfer assessments, and the sources of that quota. BCFIRB is confident this is a minor matter to address and our staff will meet with Egg Board staff on Thursday, August 21 so that this can be resolved without any significant delay.

To be clear, BCFIRB's primary concern as supervisor is that the quota held in the reserve is used for its intended policy purposes. Without clear reporting by the Egg Board, BCFIRB, or other stakeholders, are unable to make any informed evaluation on this matter (accountability).

The information provided to date by the Egg Board regarding the reserve is inconsistent. The Egg Board May 6, 2014 "Quota Distribution Approval and Egg Core Review" submission to BCFIRB states in regards to the reserve that "[t]his amount has been mostly derived from assessments on transfers." The Egg Board August 15, 2014 "BCEMB Response to BCFIRB July 28, 2014 Decision Note" states "[t]he Board has at this time some 107,676 layers held in reserve that is the result of national allocations (2014 allocation of 67,890, 2013 allocation of 15,955, claw backs and unused research layers of 23,831)." An email to the BCFIRB Chair provides yet again a different accounting for the reserve¹. Pending clarification from the Egg Board, it is evident BCFIRB is not in a position to make an informed decision on the reserve beyond what it has to date.

New Producer Program Funding and Operation

As has been previously advised, BCFIRB is meeting in September to consider applications by the Egg Board, the BC Milk Marketing Board and the BC Chicken Marketing Board in regard to quota transfer assessments. The BC Turkey Marketing Board and BC Broiler Hatching Egg Commission have also been invited to submit an application. Now, BCFIRB also will need to consider the Egg Board's new proposal to withhold ten percent of all new national allocations to fund the NPP alongside the Egg Board's request to remove the 5% transfer assessment on quota issued previous to September 2005 and amend LIFO 10/10/10 to LIFO 20/6/0. BCFIRB's response to the Egg Boards' application will form "Part 2" of our quota policy review.

To assist BCFIRB in its deliberations, it is strongly recommended that the Egg Board clearly explain to BCFIRB the process that led to this proposal, why ten percent of any new allocation is an appropriate number (versus, for example, a deemed transfer assessment approach as used by the Chicken Board) and any other information the Egg Board may consider important for BCFIRB in assessing (using SAFETI² principles) whether the proposal meets the 2005 policy

¹ Unallocated from 2010 (11,235); 2011 claw backs (2,802); 2012 claw backs (2,518); 2013 quota increase (15,955); 2013 claw backs (2,774).

² Strategic Accountable Fair Effective Transparent Inclusive

objectives and fulfills sound marketing policy. Our staff will discuss timeframes for providing this information with Egg Board staff.

Closing Comments

BCFIRB fully appreciates and supports the importance of the timely entry of eggs into the market place as long as allocation proposals clearly address standing regulatory, policy and supervisory requirements. BCFIRB will continue to work with the Egg Board and its staff to ensure this, and future allocations provide the 'right eggs at the right place at the right time' for the benefit of both the industry and the public. BCFIRB looks forward to meeting with the Egg Board in the near future to discuss these and related matters, as well as to receive updated reports from the Egg Board on its progress with implementing the July 28, 2014 directions.

BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

Per

A handwritten signature in black ink, appearing to read "John Les", written over a horizontal line.

John Les
Chair

cc: BCFIRB website