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**DELIVERED BY EMAIL**

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Dear Sirs:

**PRINCIPLES AND PROCEDURES FOR THE DISTRIBUTION OF NATIONAL ALLOCATIONS**

Section 5.4 of the September 1, 2005 Specialty Review Policy, Analysis, Principles and Directions of the British Columbia Farm Industry Review Board (BCFIRB) included the following policy principles and directions:

2. Boards are to establish principles and procedures for distributing the provincial allocation received from the National Agencies to the different quota accounts based on different market growth.
3. Boards are to establish clear principles for allocation of amounts in the specialty quota accounts among specialty producers within each quota class.
4. [BCFIRB] is to prior approve Board allocation decisions, with approval based on the Board demonstrating how the decision meets the allocation criteria or principles.

As you all know, quota is the property of marketing boards and commissions, not individuals. The allocation and management of quota is one of the fundamental responsibilities of marketing

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Farm Industry Review Board

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boards and commissions. It is essential that this resource is managed strategically and in the overall public interest.

Due to the press of other business, and in part due to the formative nature and growing pains of some of the Specialty Product Advisory Committees, BCFIRB has not to date held the boards to account regarding compliance with these directions.

However, there have been two recent appeals that have raised questions about the allocation policies and priorities of the British Columbia Turkey Marketing Board and the British Columbia Egg Marketing Board. In both appeals, BCFIRB upheld the specific decisions of the boards but in each case, general questions arose about how production is allocated between regions (turkey) and between mainstream and specialty markets (eggs).

Recently, BCFIRB has also received a complaint from a person on the dairy Graduated Entry Program (GEP) waitlist. This person noted the recent significant increase in quota granted to dairy producers, and observed that holding back even a third of the total increase for application to potential entrants would have significantly decreased the current wait time.

In the chicken industry, there is continuing pressure from the Vancouver Island region for a larger share of quota growth. A frequently cited argument is that industry should be adjusting its regional allocation priorities for biosecurity and food security reasons. Although BCFIRB has responded to this argument by stating that such matters should be addressed strategically, there is every reason to expect more focus on these and similar issues going forward.

Given the above, BCFIRB is of the view that it is in the best interests of the BC supply management system to now require all boards to establish clear principles and criteria, or confirm the ones they are presently using, for the distribution of their national allocations. It is not BCFIRB's desire to get into the detail of each allocation process. Rather, it is to ensure that all boards are using established and defensible guidelines in balancing market demands and in meeting the market, regional and new entrant priorities identified in the July 2004 Regulated Marketing Economic Policy and through the Specialty Review.

All boards are to submit their proposed principles and criteria to BCFIRB prior to issuing their next annual or periodic quota allocations. Please have your staff contact BCFIRB staff if there are any questions regarding this requirement.

Yours truly,



Richard Bullock  
Chair

pc Daphne Stancil, Assistant Deputy Minister  
Strategy, Policy and Legislation  
Ministry of Agriculture and Lands