

# **British Columbia Marketing Board**

## **Egg Quota Allocation Review**

**August 15, 2000**

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# British Columbia Marketing Board

## Egg Quota Allocation Review

### A. Background

The current overbase allocation by the Canadian Egg Marketing Agency (CEMA) is the second in as many years, intended to supply the domestic needs of the processing industry. In November 1998 CEMA allocated 110,000 birds to the west and 320,000 to the east. British Columbia's portion of the western allocation was 36,569 birds. Discussions between the British Columbia Marketing Board (BCMB) and the British Columbia Egg Marketing Board (Egg Board) took place in March and April 1999 that resulted in the resolution of a number of quota allocation issues. On May 19, 1999 the BCMB approved the Egg Board's decision to prescribe terms and conditions for the allocation of quota to registered and unregistered producers on a temporary lease basis (the existing Temporary Restricted Licence Quota program), as follows:

- Up to 14,000 layer temporary permit to be granted to Elkview Enterprises, subject to an agreement between the Egg Board and Elkview which provides for the incremental return of permit to be held for issuance to producers of certified organic eggs.
- Up to 5,000 layer temporary permit to be held for issuance to producers of certified organic eggs.
- Up to 3,623 to be issued as permits for free range production.

Throughout 1999, provincial egg boards and CEMA have worked within a conflict resolution process to, among other things, develop a formula to address the increasing demand of the domestic processing market. Within this process, CEMA has looked at "grow for" programs in which eggs are produced for processing or export markets rather than being removed as surplus to the table market and funded by levy. The increasing use of levies to remove product has been the concern of many provinces, and provincial government signatories.

In January 2000, the National Farm Products Council (Council), the federal supervisor of the four poultry agencies, gave prior approval to an amendment to CEMA's quota order, establishing the year 2000 provincial allocations at 1999 levels. A subsequent decision by CEMA to increase the national regulated flock size by 810,274 layers and allocate the layers on the basis of the "St. Andrews" formula adopted by CEMA in July 1999 also required the prior approval of Council.

The Council expressed concerns regarding the formula and its appropriateness in terms of the National Marketing Plan for Eggs (Marketing Plan) and the agency's obligations under the Proclamation and the Marketing Plan. They requested that CEMA provide explanation. The rationale provided by CEMA did not satisfy the Council. The Council concluded that the order was not appropriate for implementation, that the allocation criteria in the Marketing Plan had been taken into account, and that the decision was consistent with the Agency's objectives. The Council declined prior approval; their

decision removed the basis for hearing a complaint filed by Manitoba signatories. CEMA submitted additional rationale to Council for consideration but a decision was suspended pending the hearing of new complaints filed on the same issues by Manitoba and Saskatchewan signatories.

A majority of the provincial egg and supervisory boards were granted intervenor status when a committee comprising the Vice Chair and two Members of the Council (Committee) conducted an enquiry into the complaint. The BCMB intervened in the hearing and set out the position of the BC Government signatories, supporting the concerns of the complainants respecting the practice of increasing the levy on table eggs to support production to meet the demands of the processing sector. However, to ensure that normal operations were maintained the BCMB supported the CEMA request.

In May 2000, the Committee recommended that Council prior approve the amendment to the Agency's quota order. In delivering its recommendations, the Committee noted that "a degree of uncertainty and instability has existed in the egg industry since the end of February as a result of the absence of a quota order being in place for the remainder of the year." The Committee cautioned CEMA with respect to continued use of hen/population ratios for purposes of allocating above base quota, which the Committee saw as a means over time to achieve provincial self-sufficiency for the table egg market – which it felt was not an objective CEMA should pursue. Council adopted the recommendations of the Committee and on June 6, 2000, prior approved the CEMA order.

On June 8, 2000 Council wrote to CEMA stating that its decision should be viewed as a means to foster stability and certainty in the industry for the remainder of the year. Council relayed some of the suggestions made during the enquiry to make the egg marketing system sustainable in the medium and longer terms. It also noted the very strong concerns of provincial government signatories regarding the sustainability of the existing system. CEMA was instructed to provide regular progress reports on a timely basis to develop a new allocation methodology and an associated levy structure, which Council considers to be an integral part of the process to revise and modernize the Federal Provincial Agreement.

Once the prior approval of Council had been obtained, CEMA allocated the quota to the provinces. The BCMB and the Egg Board had been discussing the potential increase and proposed provincial allocations. In discussions regarding the Egg Board's proposals to allocate the increased quota to the Temporary Restricted Licence Quota (TRLQ) program the extent of the BCMB's authority to prior approve quota decisions related to an established program such as the TRLQ program was raised. At a meeting with the Egg Board and the Egg Industry Advisory Committee (EIAC) in early June, the BCMB agreed to provide a legal interpretation of the extent of its authority. However, it was made clear by the BCMB Chair that the issuance of the overbase quota allocated by CEMA would require prior approval.

On June 8, 2000 the Chair of the Egg Board notified the Chair of the BCMB that the Egg Board had allocated the quota increase. The BCMB was advised that the Egg Board had obtained legal advice that suggested that the requirement of prior approval did not apply to the Egg Board's authority to issue quota to producers.

On June 26, 2000, the BCMB responded to the Egg Board's actions, setting out the following interpretation of section 37(c) of the British Columbia Egg Marketing Scheme, 1967, B.C. Reg. 173/67 (Scheme), as amended.

Section 37 (c) provides as follows:

37. The board...shall have the following authority:

(c) to issue quotas to registered producers as is deemed necessary, such quotas to remain at all times the property of the board and, subject to prior approval of the Provincial Board, to vary such quotas and prescribe the terms and conditions upon which they shall be issued or transferred, provided that the board shall not at any time issue to any registered producer a quota in excess of 5% of the total of all such quotas issued.

Section 37 (c) clearly states that the following matters are, by law, subject to the prior approval of the BCMB:

1. The terms and conditions upon which quota is issued to a registered producer;
2. The terms and conditions upon which quota is transferred;  
and
3. The varying of any producer quota.

In short, section 37(c) mandates that no determination by the Egg Board to vary or transfer a producer's quota, or to establish terms and conditions upon which quota is issued to producers, is effective without BCMB prior approval. The decision to increase producer quotas generally clearly involves "varying" those quotas. Further, the "terms and conditions" upon which quota is "issued" to registered producers clearly involves factors such as how much quota is available for producers, who qualifies for what category of quota, and the criteria that will be used in determining who qualifies for quota.

In addition to section 37(c) of the Egg Scheme, section 3(5) of the *Natural Products Marketing (BC) Act (Act)* grants the BCMB the power of "general supervision over all marketing boards". Section 4 of the Regulations to the *Act* repeats the BCMB's "general supervision over the operations of all marketing boards." Considered in light of this general supervisory authority, section 37(c) of the Egg Scheme represents a strong expression of

legislative judgment that the Egg Board not proceed unilaterally in making significant quota allocations to registered producers.

The BCMB agrees that the Egg Board has the authority to issue quotas but section 37(c) is clear that any variance of quota requires prior approval. The decision to allocate the increase varies producer quota and requires the approval of the BCMB.

## **B. BCMB Directions**

On June 26, 2000, the BCMB wrote to the Egg Board setting out the BCMB's position on the legislative and regulatory authority and the implications for the quota allocations proposed by the Egg Board. The BCMB issued the following directions:

1. The Egg Board is directed to obtain prior BCMB approval for proposed variances in the quota issued to registered producers from the distribution of the British Columbia portion of overbase quota. By law, and until such time as the Egg Board has received prior approval, the 3% increase in quota allocation to registered producers reflected in Quota Regulation No. 9/2000 dated June 8, 2000, is not valid and the Order is, to that extent, cancelled. By law, and until such time as BCMB approval is obtained, no registered producer's quota shall be varied pursuant to the new CEMA allocation.
2. To the extent that the Egg Board has issued producer licences varying previous registered producer quota amounts by suggesting a 3% quota increase flowing from the CEMA allocation, the Egg Board is directed to notify registered producers that – subject to prior approval by the BCMB as required by the legislation – the previously announced 3% increase was and is of no force or effect.
3. The Egg Board's June 8, 2000 decision to allow for TRLQ of 17,000 birds for organic/specialty egg production, and 5,000 birds TRLQ for Vancouver Island is conditionally approved by the BCMB, without prejudice to any further allocations that may be issued, and subject to condition 5, below. The Egg Board and the egg industry should be aware that this approval recognizes the consultations conducted by the EIAC, and that this allocation may be an initial allowance of the overbase quota allocated pending further review.
4. With the proposed changes to the TRLQ program, the Egg Board is to obtain prior BCMB approval for the terms and conditions. This includes matters such as:
  - the type of products eligible;

- how much additional TRLQ, both generally and in specific regions of the province is proposed to be available to applicants who become registered producers, and the rationale for those amounts;
  - the minimum/maximum TRLQ allotment for which an individual producer can apply; and
  - the post-approval conditions with which the holders of such quota will have to comply.
5. As part of the application for prior approval the Egg Board is also directed to advise the BCMB how it proposes to ensure that allocation of approved TRLQ will be “fair and equitable” as recommended by the EIAC – in particular:
- the basis and priority on which applications will be considered;
  - specific criteria and considerations the Board will apply in exercising its discretion to decide whether an applicant should be granted TRLQ; and
  - any special considerations that will be applied in determining the qualifications of Vancouver Island applicants for TRLQ.
6. The Egg Board will, in addition to the material it has already submitted to the BCMB, submit a document which addresses all of the items listed above in connection with TRLQ including the manner in which this information will be communicated to industry stakeholders.
7. The Egg Board is directed to immediately inform producers and industry stakeholders of these directions by providing them with a copy of this letter.

### **C. Supervisory Review**

As a process for deciding which approvals would be granted for the allocation of overbase quota, the BCMB established a Panel to conduct a supervisory review of issues. The BCMB Panel (Panel) invited submissions from egg industry stakeholders and interested parties which addressed the broad issues of regional and specialty egg production and marketing restrictions to the entry of new producers in the context of BC’s overall production requirements and the total provincial allocation. The Panel also invited input on sub-issues on these topics, including transportation, levies, quota, permit (TRLQ program), domestic/processing markets, surplus removal, pricing and any other issues.

On June 30, 2000, the Panel released a Notice and Terms of Reference announcing the Review and outlining the issues to be reviewed. The Notice of the Review was faxed to the Egg Board, EIAC, egg industry stakeholders and interested parties. An information bulletin was released to British Columbia media and the Review was advertised in Country Life. As well, the Notice and Terms of Reference were

publicized on the BCMB website and through the Ministry of Agriculture, Food & Fisheries (MAFF) internal electronic notice board and on notice boards in regional offices.

Interested parties were invited to appear before the Panel at four public meetings held in Vernon, Prince George, Abbotsford and Nanaimo. Interested parties were also invited to make written submissions to the BCMB by Friday, July 28, 2000, and were provided with the BCMB's telephone and fax numbers, and postal and e-mail addresses, as options for delivering their submissions.

#### **D. Issues**

The following summarizes the concerns and suggestions that were presented at the public meetings and through written submissions. For a detailed outline of comments refer to Appendix B.

##### **1. Allocation to Registered Producers**

Registered producers believe they have established the industry and supported the growth of the industry through the payment of levies, and since they also had to suffer losses of quota over the years, they are entitled to the full 3% quota allocation. Many also stated that they had purchased and financed quota to enter the industry and it would be giving special treatment to encourage the entry of new producers through assisted entry programs.

Many submissions commented that with the high cost of quota and levies, it is prohibitive for new people, especially younger ones, to enter the regulated system and therefore the allocation should be given in part to support a new entrant program. These submissions recognized that the Scheme provides that quota shall have no monetary value and that many existing producers were given quota at the inception of the regulated system.

##### **a) Regional Allocation**

The northern regions of the province require production to satisfy the increasing demand, due in part, to growth in population. Other regions, especially Vancouver Island, are demanding fresh local product be supplied to local markets. The Okanagan region is oversupplied due to the loss of markets/customers (Safeway supplying BC Interior stores from Alberta). There is a shortage of local product to satisfy an increasing demand by consumers of specialty, free range and organic products through retail outlets, direct farm marketing and farmers' markets. The growth of the unregulated sector is attributed to the inability of the regulated sector to supply this increasing market demand. As a result, it was suggested that the unregistered flock size of 99 layers be increased.



Dissatisfaction was expressed regarding the continuing need to import eggs from Manitoba and Alberta, due to a shortage of table eggs in British Columbia, especially since these imported eggs are not consistently of high quality. Information was provided that it is possible to increase the surety of obtaining better quality product through direct contact with Manitoba producers and/or grading stations.

Other comments regarding quota suggested that quota was difficult to obtain. BC is 400,000 birds short of quota and the high cost of quota makes it difficult to expand existing markets with locally produced product.

b) Temporary Restricted Licence Quota (TRLQ)

The perception is that the current TRLQ program is restrictive and punitive and does not provide a viable solution to attract new entrants.

During the Review, information was provided on the importance of small flocks: that the profitability of these flocks may seem negligible to commercial egg producers but enables people to stay in rural communities by providing additional income to small holdings. A number of submissions were received from people concerned that access to specialty eggs would be curtailed by excessive regulation by the Egg Board. However, it was determined by the Review that many of these flocks producing specialty eggs were under 99 birds and would continue to be exempted from Egg Board regulation. These concerns emphasized preference by consumers to purchase local product.

The Certified Organic Association of British Columbia (COABC) and the Egg Board are engaged in a process directed by MAFF to determine how organic production should be integrated into the regulated marketing system. The COABC in their presentation were adamant that they could work under the *Natural Products Marketing (BC) Act* but they have "serious problems with the schemes, orders, and coercive compliance sought by the BCEP" [Egg Board].

2. Health and Safety

Although not a direct issue for consideration under this Review, throughout the presentations and submissions there was a strong desire for assurance that eggs be of high quality, and be safe and healthy. All industry stakeholders and consumers are concerned about instances of ungraded, unwashed and unrefrigerated eggs that have been marketed through local "corner stores". Due to cutbacks, it is feared that government agencies may not have the resources to carry out enforcement.

The COABC and many other presenters took strong exception to statements made by the Egg Board that eggs from unregulated or organic flocks are more likely to pose a health risk.

### 3. Administration of the System

The Egg Board was charged by many presenters with: a lack of regional support that does nothing to encourage producers to locate in the regions; being unwilling to effectively meet emerging market demands; unsatisfactory communications programs; and a failure to operate in a transparent manner especially with respect to quota allocations.

The lack of an effective flock management program was cited as one of the reasons for the higher than acceptable level of production going to the processing sector.

### 4. National System

Concerns were raised over the use of levies to subsidize the cost of “diverting” table eggs to meet the growing demand of the processing sector. In the end, it is the consumer of table eggs that “subsidizes” the growing industrial processing sector through the built-in cost of levies and fees with each dozen eggs purchased. This levy has increased from 2.5 cents/dozen at the time it was instituted to the current level of 19.4 cents/dozen.

BC does not have a sufficient provincial allocation to meet the provincial demands for table eggs and processed egg products. While BC is 400,000 layers short, Manitoba produces 50% more product than required for their table market needs. The national allocation process does not recognize separate table egg and processed markets and does not recognize a need for provincial self-sufficiency. CEMA programs provide for the transport of Manitoba’s excess production to meet table market requirements in other provinces.

### 5. Ministry of Agriculture, Food & Fisheries Regulated Policy Statements

On June 7, 1999, MAFF issued a set of draft Regulation Marketing Policy Statements. An element of the policies is the encouragement of regional strengths and opportunities.

Representatives from MAFF attended each of the public meetings to review and discuss the Draft Regulated Marketing Policy papers, “Encouraging Regional Strength and Opportunities.” Details are included in the excerpt provided by MAFF in Appendix E. Further consultations on the policy papers with marketing boards and commissions will take place.

The Egg Board and the EIAC contended that the Regulated Marketing Policy papers were not realistic and did not consider marketplace realities.

The Egg Board and the EIAC were present at the public meetings to provide information and respond to questions. The Egg Board’s presentation and response to issues is included in Appendices C and D.

## **E. BCMB Panel Findings**

The BCMB identified important principles to be considered during the Review. The following sets out these principles and the Panel's findings:

### **Principles**

The Egg Board has a duty to ensure that quota, to which no monetary value is attached, is allocated to meet the production needs of the Province – which needs to include regional and new entrant requirements.

The Egg Board and the BCMB have a responsibility to ensure that the broader public interest is addressed, including consumer demand for regulated products and the production and marketing of the regulated products in all regions of the province.

The Egg Board and the BCMB have a responsibility to ensure the regulated marketing system retains flexibility and that programs are established to accommodate and promote emerging markets.

### **Findings**

#### **1. Allocation to Registered Producers**

*The Panel finds that there is no doubt that some registered producers have experienced cuts in their quota allocations during the past decade but the amount of the cuts are dependent on when the producer began operation. Producers were provided quota without cost at the time that the Scheme was put in place. These quotas became part of the initial CEMA allocations and any decrease in quota would therefore have not resulted in any monetary loss to those producers. The Panel notes that the levies, which producers state were used to support industry growth are included in the producer price and are paid by the consumer. There was information provided during the Review that increases in productivity have offset at least to some part, losses associated with quota cutbacks.*

*The Panel concludes that the allocation to registered producers does not address the longstanding issues raised in this Review, such as the shortages in the regions, the need to bring unregulated production into the system and the demand for specialty and locally produced product.*

The Egg Board and registered producers argue that they are entitled to the increased allocation since they have had quota cuts of up to 14%. The Panel understands that these cuts were due to several factors including lower demand, increased efficiency of laying hens, and the negative impact of the cholesterol scare.

An examination of the data provided by the Egg Board shows that quota issued to registered producers was approximately 2.5 million birds in 1978 and rose to over 2.7 million birds in 1979 representing a 10% increase. Quota allocation gradually declined to 2.2 million birds in 1993. From 1993 to 1999 allocations increased to just under 2.4 million birds.

a) Regional Allocation

*The current CEMA allocation does not meet present provincial requirements. There is a growing demand for locally produced product. The current allocation does not meet this demand and encourages unregulated production. In addition, the Panel notes that the pro rata allocation of overbase quota does not take into consideration that some regions have been historically short of production and that some regions are now oversupplied.*

*The BCMB has been made aware, through appeals of Egg Board decisions, as well as through the work of the Egg Industry Advisory Committee and the Working Group on Specialty Egg Production that some are of the view that there is insufficient quota available to bring unregulated production on Vancouver Island into the regulated marketing system.*

*The BCMB has received correspondence from producers and graders in various regions of the Province about the very serious concerns that there is insufficient quota available to meet production needs.*

The Egg Board provided information showing that the provincial allocation is short 400,000 birds to meet the table egg and processing requirements. British Columbia shortages have not been addressed through the national allocation of quota because Manitoba, in part, is 50% long on production vis a vis their table egg requirements. British Columbia's shortages can be provided by imports of Manitoba eggs through CEMA programs. The current allocation does not meet the needs of regional graders who have more difficulty accessing product from out of province and the pro rata distribution continues the concentration of production in the Lower Mainland.

The Egg Board states that the issue of poor quality eggs to regional graders can be addressed through a combination of steps such as forming a relationship between a British Columbia grader and a Manitoba grader, purchasing some additional quota, or making a management decision to move quota from a region with easier access to replacement product. The Egg Board has committed to work with graders and producers to make any combination of these solutions work.

Consumers in regions stated that they have the right to access fresh, quality, local product. Issuing the overbase allocation on a pro rata basis results in the largest portion being allocated to the Lower Mainland industry but does

not address regional concerns. There is a need to recognize the role of small local producers and farmers' markets which are a growing source of fresh local products in many regions.

b) Temporary Restricted Licence Quota (TRLQ)

*The TRLQ provides the opportunity for new entrants to produce free range and organic eggs. However, there were numerous issues raised regarding the TRLQ including:*

- *too costly*
- *administrative burden, eg line of credit*
- *insufficient quota to meet the demand*
- *length of time before "clawback" is too short and it is difficult to replace TRLQ when the permit is "clawed" back*
- *does not foster new entrants into the system*
- *presuming 20 dozen eggs/bird/year for organic production, the levy and fee would amount to 60 cents per dozen which is prohibitive.*

*The current allocation does not address the issues raised in regards to Vancouver Island production. The TRLQ in part addresses new and emerging markets but is not flexible enough and is too costly.*

2. Health and Safety

*It is the finding of the Panel that issues and regulation of health and safety should be dealt with between the Egg Board and MAFF in conjunction with the Ministry of Health and Canadian Food Inspection Agency.*

*The Panel recognizes the importance of health and safety issues and the negative impact that even a single health-related incident can have on the entire egg industry.*

3. Administration of the System

*The Panel recognizes that the Egg Board, through the Regulation Impact Report (RIR) submitted in the Review of the Regulated Marketing System, has identified scheme changes to improve their administrative capabilities. Notwithstanding the fact that the RIR amendments have not been put in place, the Egg Board has sufficient powers to address and resolve the issues identified in this Review.*

*The transparency of quota allocations and communications with industry stakeholders requires improvement.*

*It appears that a number of the issues raised concerning the supply of eggs to meet the market demand could be addressed by improved flock management.*

#### 4. National System

*The Egg Board is currently in a unique situation since part of the supply problem historically has been the difficulty of obtaining more provincial quota. The national quota exchange has done little to increase the quota allocation within the province. However, with the recent CEMA overbase allocation, the Egg Board has the opportunity, with the prior approval of the BCMB, to resolve long-standing issues relating to specialty and regional production in the context of the overall provincial requirements.*

*The BCMB Panel is concerned about the state of the regulated egg industry. In particular the continued practice of using levies paid by table egg consumers to cover the shortfall for eggs provided to the domestic processing industry is not acceptable. The Panel accepts that this is a national issue but the Egg Board must ensure that the BC provincial signatories' position, as set out in the Council hearing on the complaint by the Manitoba and Saskatchewan Signatories, is recognized at the national table.*

*The Panel is also concerned that the current system does not appear to provide the level of accountability required to enable it to function efficiently and effectively. There is the perception that market signals are distorted since producers and graders receive one price regardless of end market, and processors receive eggs at prices substantially below table market to produce products that compete directly with table eggs. Competition between table and processed egg products is not the concern, it is fact that the subsidization of industrial products is funded through levies paid by consumers of table eggs. The BCMB shares the Council's concerns that the current system is not sustainable.*

#### 5. Ministry of Agriculture, Food & Fisheries - Regulated Marketing Policies

The Panel does not agree with the comments of the Egg Board and the EIAC that the MAFF Regulated Marketing Policies are not valid because they do not reflect marketplace realities. The powers provided to the Egg Board by government greatly influences the marketplace and already changes the marketplace realities. The government has a policy to encourage regional activity which must be balanced with the extensive powers provided to the Egg Board.

#### **F. Decision**

The decision to vary producer quotas by allocating an additional 3% is not approved.

The BCMB Panel recognizes that the allocation of quota and the balancing of competing interests is a difficult and complex issue. The Panel also recognizes that the Egg Board and the EIAC have spent a considerable amount of time reviewing

this situation. Notwithstanding, the issue of quota allocation for the regional and specialty markets must be addressed. The Egg Board's current proposals do not achieve this.

In making a new allocation decision, the Egg Board must consider the issues in point 1 - Allocation to Registered Producers. The Panel is not prepared to approve any allocation decision that cannot be shown to address these issues.

1. Allocation to Registered Producers

a) Regional Allocation

Notwithstanding the information provided to the BCMB during the review process, the allocation of production to the regions is not satisfactory and a method must be found to ensure that consumers in the regions have better access to locally produced regulated product.

b) Temporary Restricted License Quota (TRLQ)

In 1999, the BCMB approved the concept for this program but the review process has identified a number of improvements that need to be addressed. These include:

- term – the maximum of six years with a progressive retirement at the end of six years is too short
- cost – the 23 cents/bird/week is too high considering that the TRLQ holder must still purchase quota at the end of the permit period
- sustainability – the Egg Board has provided information showing applications with requests totaling over 200,000 birds. The Egg Board needs to develop a plan to meet this demand on a timely and renewable basis.
- clawback – the Egg Board proposes that the five percent clawback on quota transfers be available for purchase by the holders of TRLQ. The BCMB does not support this. The previous new entrant program used this five percent holdback and this could be used by the Egg Board as one tool to fund the TRLQ.
- small holdings and mixed farms – the TRLQ would be a useful program to enable small holdings (100 to 499 birds) to enter the system and would have to be less restrictive.
- letter of credit – the \$10 per bird letter of credit is seen as being punitive and unnecessary since the Egg Board can withdraw the permit if the producer is not in compliance.

While it is up to the Egg Board to consult with stakeholders in the design of an effective TRLQ, it would do well to look at models used by the dairy and chicken sectors to determine how unregulated producers have been legitimized.

## 2. Health and Safety

The issues and regulation of health and safety should be dealt with between the Egg Board and MAFF in conjunction with the Ministry of Health and Canadian Food Inspection Agency.

## 3. Administration of System

- a) Quota Transfers – as stated in the BCMB letter of June 26, 2000, the BCMB will consider a request to approve a set of principles that the Egg Board could use to make decisions on the transfer of quota between registered producers. It may be advisable to provide these at the time the Egg Board submits the information set out in this decision.

It should be noted that BCMB approval of these principles will not include a general approval to vary quotas or prescribe the terms and conditions upon which they may be issued or transferred. As set out in section 37(c) of the British Columbia Egg Marketing Scheme these changes or allocation will continue to require the prior approval of the Provincial Board.

- b) Transparency – the Egg Board should examine and propose ways to improve the transparency of quota transfers. Two ways of achieving this are to publish notices of quota available for transfer to ensure that all persons interested in acquiring quota are advised and to list all quota holders in the Annual Report.
- c) Communications – the Egg Board should provide information on the progress being made to implement the recommendations of the Egg Industry Advisory Committee regarding improvements to communications.
- d) Flock Management – the Egg Board needs to examine its current policy regarding flock management to determine if it meets market demands.

By March 31, 2001 the Egg Board is required to review the powers provided in the Scheme. This review will provide the opportunity to assess the Egg Board's effectiveness in addressing these and other issues and the management of the quota allocation system.

## 4. National System

The BCMB Panel is not making specific directions in regards to the state of the regulated egg industry and the impact of using levies on table eggs to "subsidize" the cost of supplying the processing sector but the Egg Board must give priority to this issue. The Egg Board must also continue to address, at the national table, the 400,000 bird shortage for the British Columbia table egg and processing markets.



The Panel has no confidence that BC can expect further growth unless there are significant changes in the administration of the national system. The BCMB and the Ministry have placed a high priority on the development of new federal/provincial agreements (FPA). The issues surrounding the national system may be best addressed through a new FPA.

#### **G. Concluding Comments**

The Panel has addressed the seriousness of the quota allocation issue by expediting its decision and expects the Egg Board to respond accordingly. Recognizing that these are difficult issues, the Egg Board needs to provide the Panel with their new decision by October 1, 2000.

The BCMB Panel thanks all of the participants in this *Review* and acknowledges the quality of their presentations.

*(Original signed by):*

Ross Husdon, Chair  
Satwinder Bains  
Richard Bullock  
Harley Jensen

# **Appendices**

# Appendix A

## Public Meetings

At each meeting, representatives of the Egg Board, the EIAC, and Ministry of Agriculture, Food & Fisheries made presentations and responded to questions from the Panel and audience. Persons who had indicated to the BCMB that they wished to make an oral presentation were invited to do so at the meeting. Other persons attending the meeting were then given the opportunity to make a presentation.

### Vernon

Attendees: 5 registered egg producers  
2 banking representatives

Presentations: 2 by registered egg producers

### Prince George

Attendees: 10 general public

Presentations: Veeken's Poultry Farm Ltd.  
Daybreak Farms (Terrace) Ltd.  
South Peace Hutterian Brethren Church (South Peace Colony)  
1 registered egg producer  
Prince George Farmers' Market Association  
Cariboo Organic Producers Association

### Abbotsford

Attendees: 28 registered egg producers  
4 banking representatives  
4 regulated marketing system representatives (RMS)  
2 hatcheries  
2 MAFF  
1 grading station

Presentations: 3 registered egg producers  
BC Specialty Egg Producers Association  
BC COMB, Poultry Committee  
Golden Valley Foods Ltd.

### Nanaimo

Attendees: 10 registered egg producers  
1 unregistered egg producer  
1 banking representative  
5 grading stations, producer/vendor  
1 press (Cowichan News Leader)  
8 others

Presentations: 2 registered egg producers  
Island Farmers Alliance  
2 from District "A" Farmers' Institute  
2 from Farm Folk/City Folk  
Cowichan Valley Small Holders Society  
Island Egg Sales Ltd.

## Appendix B

***Disclaimer – the following are the issues presented to the Panel during the Review. They are listed here as presented.***

### Issues/Outline of Comments

- Equity and fairness
  - registered producers have “grown” the market, therefore are entitled to the quota increase
  - producers have had quota cuts up to 14% due to CEMA cutbacks
  - registered producers support the regulated marketing system
  - registered producers who comply with the system do not think people who are not in compliance should get a free ride
  - supply management provides price stability, unlike unregulated marketing
  - non-quota producers and graders that do not pay levies or pay for quota have a huge cost advantage over regulated system
  - the cost of quota and levies are a hardship for new entrants
  - system caters to the producers that are already part of the system
  
- Quality and safety
  - registered producers and grading stations must comply with standards and regulations, as a result have higher costs than non-registered producers
  - registered producers are subject to inspections, therefore they believe they have higher health standards
  - if there is a health related problem with eggs, the entire industry suffers
  - some contended that organic and specialty could be a health problem, but many differed
  - enforcement of rules is important to maintain a credible system
  - farmers’ markets: need to grade, wash and provide refrigeration for eggs sold through farmers markets
  - washing and grading can be done on farm
  - concerns that Shell Egg Grading Act is not being enforced
  
- Centralization of retailers
  - large retailers source out of province
  
- Grading stations
  - Have to pay cost of system (levies, inspections, etc) therefore unregistered graders and producers have lower costs
  - not marketing aggressively enough results in eggs being sent to breakers
  - improved flock management would provide graders with the sizes and grades to meet market demands and reduce the volumes of eggs directed to the industrial market
  - registered producers not supplying enough specialty and organic product resulting in market being supplied by non-registered producers
  - smaller producers need to access graders that would grade smaller quantities of eggs at lower costs

- majority of producers are located within 10 km of Golden Valley which is a competitive advantage
  - the way the Egg Board prices eggs gives very little incentive for the grading stations to market for highest return to industry
  - current climate promotes one grading station in BC and fosters the growth of the unregulated sector
  - regional grading stations must have reasonably priced local and/or BC product from registered producers directed to them to maintain and increase their markets (a regional grading station stated that up to 75 kms is a workable distance between producers and graders)
  - if the perception that regional graders are having difficulties, producers are discouraged from locating in the regions
  - grading station proximity to processor provides advantage because of reduced transportation costs
- Processors
    - if BC did not have a processor, eggs would have to be transported to a breaker in another province
    - processors are taking market share away from table eggs using product subsidized by levies from the table egg market
- Threshold
    - 99 layer exemption limit is too low to be profitable
    - various presenters suggested that threshold exemption limits be increased to 200, 300 - 500, 1250, and 1500
    - producers with 100-500 birds are generally more likely to operate similarly to the commercial facilities, purchasing chicks from a registered hatchery and feed from an inspected mill
    - smaller flocks are the “real” family farms
    - a majority of backyard flocks are less than 99 layers
- Production efficiencies
    - land and production costs vary between regions
    - rate of lay figures varied between the low 200s in the 1970s to 300+ in 2000
    - higher rates of lay are achieved with higher costs of feed, facilities, etc.
    - undisciplined flock management practices have led to excessive surpluses since the inception of CEMA
    - producers can manage flocks to reduce surplus removal
- Permits/Temporary Restricted Licence Quota (TRLQ)
    - opportunity to Legitimize unregistered producers
    - Letter of credit cited as problem – Egg Board wants to ensure that producers comply
    - TRLQ does not meet the requirements of the unregistered producers. Egg Board should issue non-transferable permit, free of charge with unregistered producers paying the same levy as registered producers.
    - need longer time before clawback
    - Census Canada: 160,000 birds potentially outside the registered production system in BC (this includes the 99 birds or less and over 99 birds that are operating illegally). Registered flock is approximately 2.5 million birds

- conditions should be attached to permit: i.e. product from TRLQ permit should be offered/directed to existing graders first to fill marketing needs; permits should be non-transferable; current levy rates should apply; reasonable permit fees would be 3 to 4 cents, renewal term of 7-years; if production no longer needed in regions, permit would be revoked
  - one producer stated that the levies under the TRLQ would amount to \$12/bird/year. Presuming 20 dozen eggs/bird/year for organic production, the levy and fee would amount to 60 cents per dozen which is prohibitive.
  - proposed licence fee of 23 cents/bird/week is an economic hardship
- Egg Board
    - BCMB should let Egg Board run things
    - concern raised over BCMB not supporting the Egg Board, micro-managing, BCMB tying hands of the Egg Board, appeals are lengthy, perception is BCMB sides with appellants
    - communications need improvement, eg get email/website services
    - lack of flexibility to evolve and meet market demands
    - lack of regional support for Vancouver Island
- Regional Issues
    - regional production employs people in the regions, both directly and indirectly
    - regional production reduces the cost to the consumer since additional handling and associated costs are reduced
    - people who choose to live in areas other than the Lower Mainland should not be deprived of being able to purchase fresh local product at competitive prices
    - “lifestyle” – persons who have chosen to live in regions should have to pay associated costs
    - there are presently restrictions on transfer of quota (quota cannot be transferred from regions to Lower Mainland)
    - unregulated producers service smaller markets (farm gate, direct farm marketing and farmers’ markets) and in some cases service isolated locations that are not economically feasible for larger producers/graders to service
    - consumer demand for local product is increasing in all regions. Survey by Egg Board indicates 77% of consumer on Vancouver Island would choose to purchase local eggs, VI produces about 30% of that product
    - farm gate sales and farmers’ markets are expanding rapidly
    - the Panel received numerous submissions from Vancouver Island supporting local production and expressing great displeasure at any regulations that would reduce their opportunities to either produce, market or purchase locally produced eggs from small flocks
    - there is a demonstrated demand for local Vancouver Island product. The Capital Region Food and Agriculture Initiatives Roundtable is carrying out a campaign to educate consumers why they should buy local which could be expected to increase local demand.
    - population in the northern region (the Prince George region has grown 250% more than the rest of the province) is increasing resulting in increased marketing opportunities; opportunities for expansion also exist in Cariboo region
    - Peace River offers opportunities, particularly with the move of a major Alberta producer out of northern region
    - Prince George region holds 2.3% of provincial production and imports 18.5% of egg sales

- shortage of birds: Prince George wants 11,500 more birds; Terrace 17,805 (or 23,805 depending on whether or not the 6,000 birds from Island Eggs is returned); Vancouver Island wants 20,000 for specialty and 7,000 for organic
  - regional graders were concerned about the poor quality of imported product (from CEMA) which they allege adds to their costs.
  - information provided from Manitoba Egg Producers stated that it was possible to obtain better quality eggs by working directly with producers and/or graders
- Allocation/quota
    - allocating quota pro rata will perpetuate the historical shortages experienced in the regions
    - “quota has become the commodity” and “recognized value of quota restricts the Egg Board’s ability to effectively manage the quota system”
- Price and Demand
    - 25% of producer price is levies
    - concerns of costs of subsidization – table egg / breaker
    - industry market is expanding. There is no discipline in the system since producers get full cost of production for both table and processing eggs, graders get paid for table and processing eggs
- Specialty Egg Production
    - organic production should not be a separate entity with special regulations
    - concept of following marketing trends and marketing specialty product has been occurring since 1980, ie brown, dark yolk, free run, different feeds
    - need to get regulations in place
    - do not confuse specialty and organic – they are not the same as caged battery birds
    - concern over delays in the government implementation of regulations required to establish standards for certification for specialty eggs
- Organics
    - COABC does not want to be part of the regulated marketing system
    - reject concept that organics are not healthy
    - can operate under the NPMA but not under the Egg Board
    - concern over recommendations of VI working group were ignored by Egg Board
    - COABC should be allotted quota and report production to Egg Board

## Appendix C

British Columbia Egg Marketing Board

Presentation

***Note: Following is a summary of the presentation prepared by the Egg Board. For further information, please contact them directly as follows:***

British Columbia Egg Marketing Board

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## **Appendix D**

British Columbia Egg Marketing Board

Comments on Submissions

August 1, 2000

To: Ross Husdon, Chair, BCMB

From: David Taylor, Chair, BCEP

## **BCMB SUPERVISORY REVIEW - RESPONSES**

The following were issues raised by participants in the process and the BCEP response to those issues:

*Veeken's Poultry Farm Ltd.*

### *1. Quality of product coming from Prairies*

This has been a perennial problem that as a short province B.C. has had to address in several ways:

- A. BC participated in the National Quota exchange and purchased approximately 60,000 bird of quota from other provinces in the last six years.
- B. Producer-graders are encouraged to place their own quota in the areas of greatest need.
- C. The Board has in the past operated a "Prairie Loads" programme bringing a steady one to two loads a week from designated farms in Manitoba into BC. Loads could be divided between grading stations to assist smaller stations participating. This ensured the best quality eggs were shipped as these were planned loads and not spot loads drawn from the industrial products pool.
- D. The BCEP have directed producers from one area of the province to ship their eggs to a station in another area. These long distant relations are not great but can alleviate temporary shortages.
- E. BC and Mb are ready to work with Veeken's and or Daybreak to ensure loads are of satisfactory quality. Boards can only offer to help. Graders need to also participate.

### *2. Place birds within 75km of their grader*

One of the biggest competitive advantages BC has is that the vast majority of our producers are within 20km of their grader. The BCEP have been reluctant to make it a stipulation of acquiring quota that you locate your production unit in any particular area of the province, rather it would be in the interest of fairness to rely on market forces to dictate where a producer should locate their operation. Producers have been free to make these decisions.

3. *Population growth in Prince George*

The BCEP have recognized that BC's population has grown faster than other provinces and that different regions within the province have absorbed that growth at different rates. There has also been a recognition that the evolving grocery trade and the purchasing habits of the major retailers are a consequence of their marketing efforts and consumer trends.. Retailer purchasing decisions are not known in advance by anyone other than the retailers themselves and, they decisions are not necessarily working in concert with population growth. Therefore, the BCEP's policies have recognized that the outlying areas of the province, both graders and producers are directly affected and are more susceptible to the affects of these sudden changes by retailers.

4. *Prince George requires 8.6 trailer loads a year of extra product*

BC brought in 228 loads of eggs in 1999 to satisfy our consumer requirements, 8.6 loads to Prince George is reasonable in proportion to the whole of BC.

5. *Prince George manages its production much better*

Of 540,000 boxes of industrial product in 1999, less than 9,000 boxes were Extra Large and Large. All graders are doing a good job of ensuring we use our eggs to the best advantage.

6. *BC should first supply 100% of the table market.*

The BCEP recognizes that the breaker in BC is a vital link in our competitive situation. While we do have a policy of supplying the table market first, we must be careful we do not force our breaker to leave BC. The breaker clearly stated in Manitoba that they need to be located where the cheaper feed is, ie Manitoba and Saskatchewan. If we were to lose the breaker the cost of shipping our industrial product to Manitoba would have to be absorbed by the levy system.

7. *BC's top up levy could be reduced and maybe eliminated*

The issue of top-up levy will be addressed by the EIAC on July 28, 2000 as the BCEP have recommended BC reduce our top-up levy to at least the level of Alberta's.

8. *Prince George is as far from Edmonton as it is from Vancouver*

The BCEP is aware of the distances and cost of both moving eggs into Prince George to the market as well as moving excess product out to the breaking plant. The BCEP policies have taken both these concerns into account. Too much production in Prince George on a steady basis and the inherent industrial product cost has to be weighed against a small amount of shortage from time to time, similar to all other areas of the province and the country.

The producers in the Prince George area have been reluctant to keep up with their increasing demand by investing in additional facilities and quota, likely due to the

same risks the BCEP has based their policies on. Quota may move easily but egg production units and farms do not. To encourage a new producer to set up in the Prince George area and accept the risks existing producers appear unwilling to address, may require municipal or provincial government grants.

*Mike & Dave Hofer*

(No issues requiring comment)

*Jim Main*

1. *BCEP is facilitating entry of new producers*
2. *Producers have worked for 20 years to get market to respond - should share in that response*
3. *Market value is the value today - Egg farms and egg quota are fairly priced*
4. *The system to enable the market to be supplied in fairly simple and it works.*
5. *All graders are short of product in all regions.*
6. *BCEP Board should continue to direct eggs as they have done so.*

(No additional comments required)

*Roger Breed*

1. *Not a great fan of supply management but understands why it has rules.*
2. *Recommends raising limit to that across the country*

This issue was clarified by noting the limit is 99 birds in 6 of 10 provinces and no province is greater than 300. Generally speaking, the maximum number of birds a person would need to address family needs and farm-gate sales in BC is likely 40 to 50 birds. Farm-gate sales are allowed nationally to able consumers, physically at the farm, to make their own assessment of the conditions under which the eggs they considering purchasing were produced. Otherwise, the consumer expects and trusts that government will ensure the products they purchase in a retail outlets are safe. Consequently, all eggs marketed away from the farm-gate must have been through a grading station. This protects not only the consumer and industry but as the Walkerton, Ontario situation has demonstrated, it protects the government itself.

3. *Farmers Market does not require health and safety regulations to be adhered to.*

The BCEP have expressed their opinion many times. There is not problem with marketing eggs through farmers' markets but eggs must meet both Health Act and Shell Egg Grading Act regulations (See comments from #2)

*Ron Floritto*

1. *Pg 2 - Both of these increases are as a result of demands by the Breaking Industry for the CEMA to guarantee a supply of 150,000 boxes a week to allow them to meet their Market Demand. What effect will meeting this demand have on our egg industry?*

This change reflects the consumer and institutional choices for convenience foods and new products to meet those demands. The CEMA has recognized the market is changing to convenience foods and is addressing these changes.

2. *Pg 4 - I see only the collapse of this System because I cannot see the Consumer tolerating this most unfair and ridiculous method of operating.*

On the contrary, the BCEP feels the system is meeting the consumer needs and stabilizing the future of the industry. Even with the subsidization of the Industrial Product system included in the price, egg prices have risen considerably less than the CPI and much less than American eggs. For example, it has been several years since we had a consumer complaint about the price of eggs.

3. *Pg 4 - Is it necessary to subsidize every egg that goes to the Breaker?*

No it is not, but as the CEMA deliberations have demonstrated it is very difficult to keep the resulting different classes of egg producers two systems create, from conflict with each other. The Manitoba and Ontario "grow-for" programmes are examples of this conflict.

4. *Pg 10 - We have only one designated depot in BC for receiving surplus eggs. It's located in the Fraser Valley, many hundreds of kilometers from Terrace. The major grader of eggs in BC has at least two plants located there, one a few kilometers from the depot and other plant is the same building as the depot.*

Far from being a deterrent to BC this is a major cost efficiency BC enjoys. Unlike Alberta whose breaker plant was placed, for political reasons, hundreds of kilometers from their major egg producing areas, the BC plant's proximity to the major producing area saves the egg system hundreds of thousands of dollars yearly. This also highlights the risk of possible over production in areas far distant from breaking plants. In the Maritimes, producers have reacted to these costs by offering their excess quota for sale on the National Quota Exchange.

5. *Pg 14 - The poor quality of these eggs is undermining our efforts to provide a good and consistent quality of product for our customers.*

It is only possible to address this issue if and when Daybreak is ready to work with the system to do so. This may be a combination of forming a relationship with a Manitoba grader, purchasing some additional quota or making a management decision and moving some quota from a region with easier access to replacement product. The BCEP will work with the producers and graders to make any combination of these solutions work.

6. *Pg 15 - part of our industry can affect the whole. Sometimes, solving one problem can cause other problems.*

This is probably one of the greatest risks BC and the BCEP faces. Looking forward to the future and assessing the risks involved in each decision is extremely difficult. This is particularly true during this transition period, while the grocery industry consolidates and centralizes their operations.

7. *Pg 16 - why does BC have the highest levies?*

Unlike the prairie provinces BC has traditionally spent more funds on Marketing Programmes. The "Buy BC" and "Buy Local" programmes in BC have been the foundation of our marketing programmes for several years. BC has also had the highest buy-back programme, as well as a post-farmgate programme, to support our graders. Each of these programmes are currently being re-assessed in an effort to bring our levies more in line with our neighbouring provinces.

8. *Pg 20 - Instead of generally alienating them [unregistered producers], we should be grooming some of them as 'New Entrants' so that they will be eager to join our System instead of resist it.*

The BCEP has had 20 new producers come into the system and the egg industry likely has one of the youngest average producer ages of any agricultural product. The TRLQ programme is designed to assist persons wishing to grow larger, and have more than 99 birds, to come into the system.

9. *Pg 24 - The CEMA will supply us with Nest Run eggs at BC producer price plus a 2 cent per dozen Finders Fee. This is FOB our dock in Terrace. The BC Board will not.*

This is an advantage the National System gives to all graders in outlying areas. They treat all graders the same, even if their normal cost to receive eggs is much greater than the producer price plus 2 (3?) cents per dozen. This fits with the concept of differential pricing which is intended to land out-of-province eggs at a grader's dock for the same cost he would incur to pick them up from local producers. The cost of this "equity" system is borne by all provinces through the National Levy system. If BC moves product under the same basis the cost is borne wholly by BC, plus all graders would then demand their freight costs be covered.

10 *Pg 25 - During the first five months of this year, we at Daybreak Farms purchased 172,365 dozen eggs.*

The BCEP records for weeks 1 -26 show imports by Daybreak of 52,020 dozens imported plus 58,680 purchased from other graders. Other graders imported 1,857,795 dozen and traded 476,070 dozen.

11. *Pg 26 - we require as additional 17,805 birds on our Farm to meet our current demands.*

17,805 birds would produce 427,320 dozens in a year. If the additional 300,000 dozen had to be removed by the industrial product system the additional cost to the system just for freight, would be  $\$0.10 - 0.005 = 0.095 \times 300,000$  or \$28,500. There would be an additional \$27,000 cost of industrial product disposition to BC or 9 cents a dozen for a minimal total cost of \$55,500 per annum. Also, these eggs would likely not be available for trading to other stations.

It is business decision of this group how they supply there market needs in the most efficient way possible. This includes: moving existing quota; purchasing additional quota; acquire new shippers; inter/intraprovincial movement of product etc.

*Ralph Madson - Cowichan Valley - Duncan Farmers Market*

*Objects to the reduction of unregulated from 80,000 to 5,000*

Mr. Madson appears to be the source of a great deal of mis-information going to the public about the aims of the EIAC's recommendation that 5,000 birds of TRLQ be made available to Vancouver Island producers. The petition he circulated at the Duncan Farmer's market portrayed the issue as a reduction and it does not appear that anyone responding to his petition, actually read the offer sent to stakeholders July 5

*Kathy Gibson - Farm Folk, City Folk*

1. *Highlighted the risks to agriculture in the WTO and NAFTA*

Ms. Gibson was clear the decision was still out on whether farmers are going to be better off together under the supply management umbrella if the protective border controls are removed. The BCEP feels that as the original producer associations showed and the new generation co-ops springing up in the US also show, collective power against multi-nationals would be even more important, should border controls be eliminated. These issues raised by Ms. Gibson go the heart of the concerns the BCEP has over regional issues. Is the industry and BC going to be better off in a short province fighting over regional allocations or are we going to work together as a province to obtain more allocation for BC? The whole concept the BCEP has espoused with the "Central Agricultural Facility" concept and the "Victoria Day" efforts is to get agricultural to work together. As has been well demonstrated around the province, the regional allocation of quota is a very divisive issue. Particularly if competing for market share is going to have the added feature of moving quota from areas of "perceived excess" to areas of "perceived need".

2. *TRLQ concept is unprecedented but does not go all the way*

Again Ms. Gibson zeros in on the most contentious issue - quota value. Many presentations have highlighted this issue and none have presented any workable solutions to controlling quota values. Provinces tried for years with restrictions on movement of quota, tying quota to land and assets etc. All failed due to the basic market principle.

The recent "Delight" transaction should have made it clear that any "right" is a commodity if two persons are willing to buy and sell it. Any attempts of the Board to restrict or limit these market transactions have only resulted in the transaction being hidden. We may not like it, but all licences involving rights trade in some way, taxi licences have value, fishing licences have value.

It was clear when TRLQ was first announced that a major concern was the yearly renewal that all licences are subject to. The same argument appears in many of the briefs in relation to TRLQ - just issue it to where it is required and then cancel it when it is no longer required. How many producers could raise the capital required to start an egg farm based on a system where they had no reasonable expectation of longevity. The six year period agreed upon for TRLQ at least can be taken to a bank as part of a stable business plan.

3. *There are concerns about the new Food Choice and Quality Act.*

As has been demonstrated through the consultative process the egg producers have been converting to and developing specialty products for over 20 years. As quota is quota it is flexible enough to allow the development of all kinds of specialty products. The biggest deterrent to specialty production has been uncertainty and the lack of a level playing field between competitors. With the Organic producers required to comply with the NPMA there will be more registered producers willing to convert to this type of production.

The Act is not well understood as it is not a way to encourage specialty markets. You must have already established your market to quality for inclusion under the Act. All the Act is intended to do is give the consumer increased assurance that the production methods professed are being adhered to. The concerns about consumer confusion are therefore irrelevant as the consumer will have already made the choice allowing the market to be established.

*Mara Juringan - Farm Folk, City Folk*

Food Safety Issues are big issues

The concerns regarding food safety issues are reflected in the Board's policies

*Celia Hayward - Island Egg Sales*

1. *Lack of regional support*



Since July 1998 the BCEP has directed an additional 39,000 birds of production to this station to meet their market demands, a 35% increase. In the same time period their market increased by 12.5% Included in this movement has been specialty egg production.

*2. The registered limit should be raised from 100 to 200*

The grader was clear this would not address their need for additional production as they would be unwilling to pick-up eggs from such small operations. They grader made the point they should be not be required to pick-up from any farm with less than 5,000 birds. These are efficiency issues that the industry much address.

*Bright Prospect Farm*

This letter is one of the many resulting from the mis-information contained in the Newsleader article and resulting petition at the Duncan Farmers Market.

*Norman & Linda Tucker*

Another letter resulting from a mis-leading Newsleader article.

*Cowichan Valley Smallholders Society*

Mis-information about a reduction from 80,000 to 5,000; perceptions about egg quality between caged and non-caged production; perceptions regarding health risks of loose birds vs caged birds. Health and safety issues are obvious equally as important to this group as they are to the BCEP.

*Island Farmers Alliance - Scott Crawford*

- 1. Our intent to provide information that will support both supply management and direct farm marketing on the Island in a healthy and economically sustainable environment...Supply management is under stress as we move towards a global market. Organizations such as the IFA are working to develop, support and enhance the supply management system.*

The BCEP appreciates the Island Farmers Alliance understanding that supply management is the backbone of agriculture on Vancouver Island. Changes that are decided upon must work for both groups. The BCEP envisions a continuing developmental dialog with this organization.

- 2. The BC Egg Marketing Board operates in a fashion that is not supportive of an Island industry and decisions are made in favor of one region over another*

This is not borne out by the actions of the Board in directing product to Island Graders or by the policies of the Board which directs product to graders who gain market share.

3. *The Egg Board has failed to place or recognize the value of the product or the demands and trends of the consumer and the market.*

(Same issues raised by Ron Floritto)

4. *Island graders need guaranteed supply of local product to meet market demand*

The demand for "BC" eggs is throughout the province. The review has demonstrated that all regions of the province are short. This is heightened in some regions by a lack of customers where some stores in all regions are supplied from central warehouses in the Lower Mainland or Calgary. The BCEP should not be interfering with the competitive relations between graders. The gains and losses in market share should be as a result of the grader's service to their customers, not due to Ministry or BCEP policies.

5. *Current supply of local specialty eggs for retail does not meet market demand.*

The BCEP policy is to allow producers to decide themselves which type of production they wish to produce. If no Vancouver Island registered producers are willing to produce specialty eggs locally they will have to be supplied from the Lower Mainland. If the BCEP is going to be responsible to provide "locally produced" specialty products they will be required to amend their policy and direct some producers on the Island to produce specialty products. The BCEP is reluctant to split quota into different categories of quota. The system must retain the type of flexibility it has had over the past twenty years to allow producers to continue to adjust changing market demands.

6. *Flock sizes of allocation must be set at a minimum based on numbers that are economically feasible.*

It is not the responsibility of the BCEP to set economically feasible farm sizes. This decision should be left up to the individual farmer, based on the location and type of market he wishes to serve.

7. *On Vancouver Island and the Gulf Islands we are not asking for handouts, and we are not asking to be identified as a unique or distinct region. We are asking for regional marketing and the ability to provide our consumer and the market place with local products. We are asking for a fair and level playing field and as a region being able to meet the demands of our local markets current and future.*

Contrary to above statements the Vancouver Island region is asking to be treated differently and in particular is requesting there not be a level playing field with other graders. All regions of the province are short of production. In the other regions, despite being short, graders have encouraged their shippers to convert some production to specialty product to service the changing consumer demands for specialty products. The resulting loss of white caged layer product has been sourced from other areas. Vancouver Island graders are not willing to supply their customer's needs in this way and are looking for preferential treatment by both the government,

the BCEP and the BCMB to give them a competitive advantage over other graders selling into their market.

*Mike Byron - District "A" Farmers' Institute*

1. *Supply management is the only effective weapon against the import of below cost-of-production eggs from the United States and other areas.*

We appreciate the understanding of this issue.

2. *The 99 bird threshold is unrealistic*

The 99 bird limit is realistic for farmgate sales on a non-commercial level which is what it was intended for. Anything above that level is getting into commercial production.

3. *Marketing Boards must acknowledge regional growth of communities within the province*

The BCEP are very cognizant of the regional changes in this province, as they are of the change in the retail grocery industry. The job is to balance both these changing situation in a manner that best protects and supports all regions of the province.

4. *The application of the law must be fair and equitable*

No one has yet demonstrated any way in which the current policies of the BCEP are not fair and equitable.

5. *Organic production should not be a separate entity with special regulations*

Both the BCEP and BCMB have been clear that "an egg is an egg"

6. *The argument that small producers are depressing the market is a fallacy*

This argument was the major reason put forward by Island Eggs at the Vancouver Island Working Group meetings to explain why specialty eggs sold at a lower price on Vancouver Island than the Lower Mainland and why Vancouver Island graders had been unable to pay an adequate premium to cover the costs of any registered producer to produce specialty product for their station.

*Ian Christison*

1. *I completely support a supply management system as it was set up. It has provided a viable livelihood for the farmers in this industry.*

Mr. Christison does not agree with the decision to supply the needs of the processed market using the levy system as a cross-subsidization tool. While we may not like the results of this decision the egg industry across the country has accepted this concept and the US has used a vertical integration system to do the same thing. There is

general agreement across the country that we have to recognize the changes coming the way the processed industry is working and prepare the egg industry to address these changes. There is no solution in fighting the changes.

2. *If we want to keep a table market for eggs, a system of interdependence has to be used that will ensure everyone is fulfilling their responsibilities.*

This is what the BCEP sees the role of the EIAC recommendations and industry consultation is.

3. *If the BCEMB cannot ensure that Grading Stations receive the necessary production from the regulated sector they should not restrict them from securing unregistered producers to supply their market.*

(See Island Farmers' Alliance comments #5) In a supply management system one of the basic principles is that no grader has unrestricted access to product. All supply is "managed".

Many of the points raised by Mr. Christison are similar to those raised by his manager, Ron Floritto.

#### *Certified Organic Associations of British Columbia*

1. *The COABC members have no problems with the NPMA. We have serious problems with the schemes, orders, and coercive compliance sought by the BCEP.*

This is the concern the BCEP has raised through-out the negotiations with the COABC. There is no problem with the rules as long as they do not have to comply with them. The time for negotiation is finished. There must be decisive action taken to bring the COABC sector of the organic industry into compliance with the rules and regulations laid out in the NPMA and the Egg Scheme.

#### *Judy Thompson - Sooke Chicken Farm*

No additional issues raised

#### *R.P. & M.R. Ansell - Oak Tree Farm*

1. *On Vancouver Island and the Gulf Islands we are dealing with a shortage of local product while other areas of the province are over producing and flooding our markets*

These are competitive issues between graders. It is not the policy of the BCEP to interfere with the competitive market or favour one grader over another. The BCEP's position is that all graders inputs should be on a level playing field. Each grader then is on a equal footing to compete for customers. It is also not the position of the BCEP that graders cannot compete between regions.

Other issues have been raised and addressed already

*Mark Bray*

(No new issues raised)

*Jennifer & Russell Dyson - Grafton Blueberry Farm*

(No new issues raised)

*Niels Holbek*

(No new issues raised)

*Pam Young*

(No new issues raised)

*Helen Christison - Sunnyside Eggs Ltd.*

1. *It is my understanding that the cost of the BCEMB temporary licensing program and levies is \$12 per year, per bird.*

The lease cost of TRLQ is part of the process to keep a level playing field between competing producers. The costs of operating with quota or TRLQ should be equalized and producers who purchase quota should not be penalized for doing so. Any funds raised through the lease of quota are to be used to support the marketing of specialty products.

2. *What long term stable or growing industry is temporary and restricted? Perhaps when I borrow money, for barns and equipment, I could tell the banker that my ability to repay the loan is temporary and restricted!*

Mrs. Christison's concerns regarding the stability of the system being reflected in the willingness of the banking industry to lend funds to farmers is a major concern for the BCEP. Several persons have suggested that regional requirements be satisfied with permits that could be withdrawn when not required. Mrs. Christison's concerns highlight how impractical this would be. To invest the funds in a farm there must be a long term business plan in place and some time to demonstrate to the banking industry that the venture will return a profit. This is one of the reasons the TRLQ term was set at six years.

*Karl Hann - Organic and Bio-Dynamic Farmer*

1. *After an hour Fred Reid and I left to do some farming*

It would have been useful if the organic producers had enabled the BCMB to ask some questions and gain a better understanding of their issues.

*Ed Aiken*

1. *The Government already takes care of layers by testing and innoculating for certain diseases*

It has been a long time since the government has done either. These issues are just some of the responsibilities that have been downloaded to the producer organizations.

*Carolyn Dowell*

Misinformation relating to the Newsleader article by Steve Miller stating the Board planning to reduce the 80,000 unregistered flock to 5,000 birds

*Shirley Dumas*

(No new issues)

*W. Bray - Sunset Egg Grading Station*

1. *Recommends producers may sell graded eggs direct to local markets*

BCEP support this.

2. *Recommends grading station operators be allowed to use the BC Grown logo.*

BCEP support this.

*Steve Miller - Cowichan Valley Smallholders' Society*

1. *The policy would potentially reduce the Vancouver Island flock from an estimated 80,000 to no more than 5,000.*

Mr. Miller's misleading public statements in this regard caused most people to address this false issue rather than the issues the BCEP had proposed. This is nothing in the BCEP proposal that would reduce the 80,000 flock, particularly since the average flock size is 23 birds. It is not even clear if the 5,000 birds the BCEP policy was intended to address are included in the 80,000. The result of the policy could add five thousand birds to the registered flock and leave the total 80,000 in place for a total of 85,000.

2. *Our experience is that free range and organic eggs pose no health risk to the public.*

Mr. Miller misses the point regarding health risk. It is the grading system that protects the public and it is the avoiding of the grading system the BCEP is concerned with.

3. *The 23 cent weekly amount is approximately 50% of the net revenue from a typical free-range bird.*

Mr. Miller is another person to highlight the issue raised at the Vancouver Island Working Group regarding the inadequate pricing of specialty eggs on Vancouver Island. The BCEP would suggest that most specialty egg producers would be happy with 23 cents/bird/week net revenue or \$12 a bird/year/profit!!

There were several other articles that raised similar concerns.

In summary:

The greatest proportion of the submissions deal with individual problems, be they producer, grader or regional and the solutions suggested are given to further personal goals without any consideration of the other stakeholders in the egg industry. The BCEP policies have been developed through a process of consultation with all stakeholders in the industry. They have stressed stability and steady growth, rather than quick fix solutions. The review has highlighted the fact that the BCEP has been addressing the changing needs of the specialty egg markets for over 20 years, they are not new.

The BCEP policies have also attempted to balance the needs of the regions in a way that, while recognizing their differences, does not pit one region against the others. BCEP have worked hard to foster harmony within the agricultural community, at CEMA, in western meetings, in BC regional meetings and the Central Agricultural Facility concept. We have considerable concern that fanning the politically motivated flames of regionalism will in the long run hurt BC agriculture and force more of our tax base onto the Prairies. It is only logical that if we spend all our time putting out regional fires it is unlikely the industry will be working together to address the coming concerns of WTO and globalization.

# Appendix E

*Excerpt from the document, “REGULATED MARKETING POLICY STATEMENTS”  
(June 7, 1999 Draft for Submission to the British Columbia Council of Marketing Boards  
by BCMAFF)*

## **IV. Encouraging Regional Strengths and Opportunities**

The consolidation in food processing that is occurring throughout the world and the country is occurring within BC. The graders and processors in BC are concentrated in the Lower Mainland, although some processing facilities remain on Vancouver Island, the Interior and the North. The trend to fewer and larger processors will continue as processors seek economies of scale and efficiencies of input sourcing and product distribution.

The Government of British Columbia supports economic development throughout the province, and recognizes each region has unique issues, strengths, and opportunities.

One such opportunity is the preference that local consumers show for local products. The development and marketing of products for local and niche markets, where producers can compete on the basis of product freshness, quality, product uniqueness and increased product acceptance in direct farm sales, represents an important opportunity for producers in most regions.

The Vancouver Island region is bearing the brunt of federal grain transportation policy changes that hasten rationalization, but at the same time, Vancouver Island region farmers have the climatic conditions, the land, and human resources to develop unique products. The islands have a significant local demand for higher end products.

- 18. Regulated marketing systems should encourage the pursuit of regional strengths and diversity by accommodating and encouraging innovation by producers in a region, to take advantage of the region’s unique strengths and market opportunities.**
- 19. Regulated marketing systems should ensure that the decision making process reflects the needs of stakeholders in all regions, and reflects a balance between regional interests and the interests of Lower Mainland stakeholders.**
- 20. Where changes are contemplated to regional support mechanisms that are in place (quota transfer restrictions, regional price premium), a transition or adjustment period must be provided that allows industry to implement potential regional strategies that will improve the long run outlook of the regional industry. During this adjustment period, any change in policy must ensure gradual change, so that potential strategies are given a fair opportunity to succeed.**
- 21. Regulated marketing systems should accommodate and encourage new and existing regional processors/distributors who wish to pursue markets for these regional products.**



## **Appendix F**

**FULL VERSION OF THE DOCUMENT:**

**“REGULATED MARKETING POLICY STATEMENTS”**

**JUNE 7, 1999 DRAFT FOR SUBMISSION TO  
THE BRITISH COLUMBIA COUNCIL OF MARKETING BOARDS**

**BRITISH COLUMBIA MINISTRY OF AGRICULTURE AND FOOD**

## REGULATED MARKETING POLICY STATEMENTS

### I. Support For Orderly Marketing in Promoting BC's Interests

The orderly marketing of agricultural products in BC has contributed to the agriculture industry's strength and stability, and fostered an agricultural system based on the family farm.

Supply management has provided BC producers with a reliable income and BC processors and consumers with a dependable supply of fresh BC dairy and poultry products.

*The Natural Products Marketing (BC) Act* (NPMA) and its regulations have given BC farmers a strong voice in their marketing systems, balancing the interests of industry participants, and helping producers receive a fair price for their product. As well, the systems attempt to ensure equity or fairness among producers through practices such as price pooling, or uniform pricing.

BC regulated industries are operating in an increasingly competitive environment. In addition, Canada's supply management system, and the border tariffs on which it depends, will be under pressure in the upcoming WTO negotiations. The role that BC orderly marketing systems plays in facilitating agri-food industry development becomes increasingly important and challenging in this environment.

The following policies indicate the BC Government's conviction that orderly marketing systems should retain this central role - facilitating industry development in a manner that gives farmers a strong voice in their marketing systems, while protecting the interests of all participants in the agri-food industry and the interests of BC consumers.

- 1. The Government of BC supports agricultural producers using orderly marketing systems when the prosperity and competitiveness of their sector is fostered by provisions of the NPMA.**
- 2. The Government of BC will strongly advise the federal government of the importance of defending the border tariffs which protect domestic supply management systems.**
- 3. BC regulated marketing systems should continue to give producers a strong voice in their marketing system.**
- 4. The Government of BC supports a regulated marketing system that operates in the interests of all British Columbians. Boards and Commissions operating under the authority of the NPMA need to be responsive to the needs of BC consumers, BC processors, and other participants in the BC food system.**

#### THE CHANGING ECONOMIC ENVIRONMENT

- Consolidation of food processing has resulted in companies operating on a broader western-Canadian, national, and international basis rather than on a provincial basis, while the large food retailers are increasingly consolidating their purchasing. The standardization of agricultural commodities produced throughout North America facilitates this consolidation. Where there is free trade, processors can source their primary input anywhere they can buy it or produce it at lowest cost.
- With lower feed grain prices from federal grain transportation and Canadian Wheat Board pooling policy reform, Manitoba and Saskatchewan hog and poultry sectors are expanding, posing a challenge to the national poultry supply management agreements. British Columbia is not a low cost production area for grain fed livestock, except in the Peace River region.
- Liberalized trade has hurt some industries such as BC's vegetable processing industry, yet exports of hothouse vegetables, mushrooms, and other BC agricultural products to the U.S. have increased significantly.
- Our trading partners want to bring down Canada's barriers to the entry of their poultry and dairy products, some of which are produced on larger scale farms, and some using technology that Canada has rejected.
- Increasingly, consumer markets are segmenting as consumers demand greater choice. In an era of globalization and liberalized trade, food industries throughout the world are responding with a broader array of food choices.

## **II. Supporting Industry Development and Competitiveness in the Production of Commodities**

Finding ways to grow and prosper regardless of the changing competitive environment is an ongoing challenge for BC's regulated industries. The BC agri-food industry is taking more than one course of action to remain competitive and the regulated marketing system is adjusting to accommodate the subsequent needs of the industry in this environment.

To remain cost competitive, the BC agri-food industry continues to improve productivity and reduce per unit costs of production. They do so through the adoption of leading edge technology, increasing the scale of operations, and strengthening alliances among various players in the production and marketing chain.

Ongoing communication between producers and processors regarding optimal characteristics of the primary commodity can achieve cost efficiencies in the BC agri-food industry. Also of continuing importance is communication between the agriculture industry and input suppliers such as the feed manufacturing industry to achieve potential savings in input costs.

Export markets offer opportunities for industry growth and increased scale of individual operations. Exports of some supply managed products can lower the average price that producers receive, however there is a benefit to some producers as long as the net price a producer receives exceeds their incremental per unit cost of producing product in excess of their domestic production level. As well, export opportunities can strengthen the profitability

and competitiveness of BC processors, enhancing their long term prospects in this province.

Consistent production of a high quality product is effective in maintaining consumer loyalty in existing markets and gaining loyalty in new markets. BC regulated industries produce commodities of high quality, for example, the BC dairy industry produces milk of the highest quality, with very low bacteria levels. While such high commodity production standards do not necessarily yield higher returns for the producer, consumer awareness of these quality attributes will be increasingly important as trade liberalization continues to open our markets.

In some cases, high quality product can return market price premiums. An example of this is lean pork. It is in the interests of the regulated industries to develop pricing systems that provide farmers with price incentives for commodities of higher quality if they command a premium in the marketplace.

The following policy statements are intended to assist BC regulated marketing systems in facilitating the cost competitiveness of the regulated industries, and to uphold high quality to maintain and gain markets.

- 5. BC regulated marketing systems should facilitate cooperation among primary producers, input industries and processors to achieve efficiencies within the entire system, with the view to minimizing input costs and providing optimal product characteristics to enhance the value or utility of the product for the processor, and ultimately for the marketplace.**
- 6. To support ongoing opportunities for industry growth and economies of scale in individual operations, regulated marketing systems should support the development of new markets, including export markets, where these markets can add strength and stability to a regulated sector as a whole.**
- 7. To support ongoing opportunities for industry growth and economies of scale in individual operations, the BC Government will support the efforts of BC supply managed industries to increase their share of the national quota allocation for domestic markets.**
- 8. BC will support the participation of BC producers in national supply management systems when the provisions of the national agreements are consistent with the growth and prosperity of BC's agriculture industry.**
- 9. Regulated marketing systems should accommodate and encourage processors/distributors who wish to pursue new markets, including export markets, for existing products and for new value-added processed products.**

10. To strengthen the future prospects of regulated industries, BC regulated marketing systems should continue to build consumer preference for BC produced commodities, encouraging continued efforts towards high quality and food safety, as well as through promotional efforts.
11. The Government of BC supports the use of the Buy BC Program to enhance consumer loyalty for the commodities produced by BC regulated industries.
12. In those cases where specific characteristics of a commodity can bring a premium price in the marketplace, or satisfy the unique requirements of a particular processor, pricing systems should be developed to provide farmers with a price incentive for such product, based on market demand.

### **III. Supporting Opportunities for BC Farmers in the Production of Higher Value, Differentiated Products**

Consumer market segmentation is increasingly offering opportunities for farms wishing to produce a higher value product that is differentiated at the farm level. Farmers can compete in the marketplace on the basis of the distinct characteristics that their product offers a selective consumer, not only on the basis of low production costs.

By ensuring that BC consumers are offered a broad range of product choice, BC regulated marketing systems serve the needs and the interests of the BC consumer. This is consistent with the image of the BC food system as one that offers both superior quality and a broad level of consumer choice, and it will help to maintain and build loyalty for BC product as competition in BC's markets increases.

#### **New Opportunities in Market Segmentation**

BC has the climate, the physical resources, and the skills to develop products which command a higher market price by virtue of their characteristics which make the product distinct in the eyes of the consumer. Examples include:

- the use of specialty feeds in response to specific consumer preferences
- poultry and dairy products from pastured animals or from specialty breeds
- meat, vegetables and other food products produced in accordance with COABC standards
- low residue or residue free product

In many jurisdictions throughout the world, farm numbers continue to decline. But there are exceptions, and British Columbia is one. The number of farms in BC is

on the rise. There is consolidation of medium size farms into larger scale operations, but the number of small farms is increasing. Higher value opportunities arising from segmentation of consumer markets are opening an important avenue for farms of different sizes to pursue commercial viability.

Medium sized farms, and increasingly, large scale farms will remain a driving force in BC agriculture in terms of generation of farm cash receipts and in terms of supplying major processors. Yet, small farms, mixed farms, and large scale farms producing specialty products are generating new processing activity, jobs, and economic growth.

The regulated marketing system has been effective in facilitating such opportunities, for example, BC hothouse vegetables. However, some adjustments to the regulated system will be helpful in facilitating other market opportunities. Regulated marketing systems can ensure that practices that make sense for standardized commodities, such as uniform pricing, do not act as a barrier to the production and marketing of a differentiated product.

Organic agriculture is a specific example of a product differentiated at the farm level that has emerged as an industry of growing importance to BC industry and BC consumers.

The Certified Organic Associations of British Columbia (COABC) maintain organic production and processing standards, and ensure compliance with the standards by administering the accreditation and auditing process in partnership with the BC Ministry of Agriculture and Food. The COABC standards are established pursuant to the *Food Choice and Disclosure Act* of BC.

The following policy statements are intended to assist regulated marketing systems facilitate the development of new opportunities for products differentiated at the farm level, thereby accommodating the regulatory needs of a growing segment of BC's agri-food industry, and serving BC consumer demand for these products.

**13. Regulated marketing systems should encourage the pursuit of market opportunities for products differentiated at the farm level, by:**

- **encouraging the identification and development of strategies to pursue markets for products differentiated at the farm level;**
- **recognizing the unique needs of differentiated production sectors and devoting adequate resources to meet these needs;**
- **ensuring that the decision-making process reflects the needs of stakeholders who are pursuing these specialty markets;**

**ensuring that adequate entry opportunities are available to facilitate the growth and development of these industries;**

- **ensuring that policies and practices pertaining to pricing, levying, marketing, and production requirements do not inhibit a producer's ability to pursue these markets and to capture market premiums for differentiated products; and**
  - **accommodating and encouraging new and existing processors/distributors who wish to pursue high value markets, based on product differentiated at the farm level.**
- 14. BC regulated marketing systems should facilitate growth in the COABC certified organic industry, from one that produces a small proportion of the organic food consumed in BC, to an industry that meets the growing BC demand for organic food, and to one that gains a competitive edge in markets outside of BC.**
  - 15. It is the position of the BC Government that national agreements should accommodate the growing demand for organic products and for other differentiated farm products for which there is a growing consumer demand.**
  - 16. Recognizing that specialty opportunities are available that can allow many different farm sizes, specialized or mixed, to be profitable, BC marketing systems should allow and encourage all farm sizes that have the potential for economic feasibility through the production of specialty products.**
  - 17. BC marketing systems should allow for and accommodate the diversity in farm marketing systems for products differentiated at the farm level, ranging from direct farm marketing to organized marketing channels.**

#### **IV. Encouraging Regional Strengths and Opportunities**

The consolidation in food processing that is occurring throughout the world and the country is occurring within BC. The graders and processors in BC are concentrated in the Lower Mainland, although some processing facilities remain on Vancouver Island, the Interior and the North. The trend to fewer and larger processors will continue as processors seek economies of scale and efficiencies of input sourcing and product distribution.

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One such opportunity is the preference that local consumers show for local products. The development and marketing of products for local and niche markets, where producers can compete on the basis of product freshness, quality, product uniqueness and increased product acceptance in direct farm sales, represents an important opportunity for producers in most regions.

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- 20. Where changes are contemplated to regional support mechanisms that are in place (quota transfer restrictions, regional price premium), a transition or adjustment period must be provided that allows industry to implement potential regional strategies that will improve the long run outlook of the regional industry. During this adjustment period, any change in policy must ensure gradual change, so that potential strategies are given a fair opportunity to succeed.**
- 21. Regulated marketing systems should accommodate and encourage new and existing regional processors/distributors who wish to pursue markets for these regional products.**

## **V. Leadership and Representation to Strengthen the Industry as a Whole**

The following policy addresses the importance of good governance through leadership and representation. At the same time as Boards and Commissions take on the challenges of facilitating industry development in an increasingly competitive marketplace, they face the ongoing tasks of facilitating equity in the system, ensuring that all producers receive a fair price for their product, ensuring appropriate opportunities are available to all producers and all regions, and being cognizant of the needs and goals of the processors and other participants in the food chain. Boards and Commissions also face the challenge of operating in a transparent fashion, allowing their actions to be open to scrutiny.



- 22. Regulated marketing systems should ensure that communication is in a form which addresses the language and cultural mix of stakeholders.**
- 23. Boards and their advisory committees must work in concert to ensure that processors' perspectives are understood and adequately represented, and to facilitate co-operation and alliances between producers and processors for new business opportunities.**
- 24. Boards and Commissions, and their advisory committees, should acquire skills and information as needed, through training or through hiring specific expertise, that are relevant to their industry's competitive position, including: conflict resolution, facilitation, and collection of consumer market information.**
- 25. In its leadership and supervisory role, the BCMB will ensure that Boards and Commissions will address the BC Government regulated marketing policies. The BCMB will also take these policies into account when hearing appeals and making decisions on appeals, without the necessity of the policies being introduced as evidence.**
- 26. Boards and Commissions should regularly communicate and make information available, including standing orders, minutes, decisions, the rationale behind standing orders and decisions, and other relevant information to ensure transparent governance.**

## **VI. Independent Evaluation**

The final policy statements establish a requirement for periodic evaluation of the successes of the regulated marketing system in achieving the objectives inherent in the policy statements. Like other policies, the NPMA and its regulations need to undergo ongoing evaluation in the context of broad government policy, and adapt to meet changing circumstances.

The creation of policy statements will be an ongoing process. Changes in the economic environment may bring forward new issues that should be addressed by policy. As well, the evaluation process may indicate the need for certain policy statements to be more detailed in order for them to be effectively implemented.

- 27. Independent evaluation, by a third party contractor, on a regular basis will review the successes and failures in implementation of the aforementioned policies. A steering committee to oversee the evaluation will be composed of representatives from MAF, the BCMB, and the COMB.**

- 28. The initial evaluation will take place a year after evaluation criteria are made available to Boards, Commissions, and the BCMB. Subsequent evaluations will take place every other year.**
- 29. The evaluation outcome will provide input into the ongoing development of the government policy itself.**
- 30. The BC Government encourages additional evaluations on specific issues by the Boards and Commissions.**