



January 19, 2005

File: 44200-60/SPEC

DELIVERED BY FAX AND/OR EMAIL

Bruce Cook, Chair
British Columbia Broiler Hatching Egg Commission

Ron Kilmury, Chair
British Columbia Chicken Marketing Board

David Taylor, Chair
British Columbia Egg Marketing Board

John Jansen, Chair
British Columbia Milk Marketing Board

Ron Charles, Chair
British Columbia Turkey Marketing Board

Brian Hughes, Chair
Certified Organic Associations of British Columbia Implementation Team

Dear Sirs:

REVIEW OF SPECIALTY PRODUCTION AND MARKETING IN THE REGULATED MARKETING SECTOR

On January 7, 2005, the British Columbia Farm Industry Review Board (the “Provincial board”) advised that it had reviewed the recommendations for specialty production prepared by George Leroux¹ for the Minister of Agriculture, Food and Fisheries (the “Minister”). The Provincial board further advised that it had determined that the recommendations complemented the guiding principles for specialty production in the supply managed sector proposed by the Provincial board in August 2004. On that basis, the Provincial board resumed its supervisory review of this issue in consultation with the Ministry of Agriculture, Food and Fisheries (the “Ministry”), the commodity boards and with industry stakeholders.

¹ Copies of Mr. Leroux’s December 20, 2004 report and related Provincial board correspondence can be viewed at www.firb.gov.bc.ca/

As well, given the inter-relationship between the specialty and new entrant programs in terms of improving access to the supply management system, the Provincial board has determined that it will incorporate into its review Mr. Leroux's recommendations regarding new entrant programs for non-specialty producers.

Representatives of the Provincial board attended meetings with the Minister, the Ministry, the Council of Marketing Boards, specialty producers and registered producer associations the week of January 10 during which an overview of the supervisory process was provided. The purpose of this letter is to follow up with more specific process information and direction.

Objective and General Timelines

In its September 4, 2003 letter initiating this review, the Provincial board reiterated its position that "commodity boards have a responsibility to maintain a system that operates at a reasonable level of expense for all producers, to ensure a competitive, market-responsive system which provides for development in all segments of the market".

This remains the objective and it is the Provincial board's intention that this be implemented by having effective specialty production programs based on the principles, as supported by the recommendations, put in place by the commodity boards by June 30, 2005.

In order to meet this deadline, the commodity boards will need to submit draft orders for the approval of the Provincial board not later than March 31, 2005.

The Provincial board's preference is for these programs to be finalized and prior approved by agreement with the commodity boards and their industry stakeholders. However, the Provincial board is prepared, in its supervisory capacity, to provide final directions and approvals as required.

Personnel Resources

Richard Bullock (chair) and Satwinder Bains (member) have been assigned by the Provincial board as leads for this issue. Overall process management at the staff level will be under the direction of Jim Collins (General Manager), however, Brenda Coutts is responsible for day to day support and liaison. Ms. Coutts can be reached by phone at 250-356-2465 and by email at Brenda.Coutts@gems8.gov.bc.ca. Ms. Coutts will also be preparing a list of the working groups, their composition and contact information.

Mr. Leroux has also been contracted to provide support to the Provincial board during its supervisory review, and consideration is being given to employing another contractor to complement his work. In addition, Ministry staff have also been made available during this process. These services will be coordinated through this office.

The commodity boards are to assign their chair and one of their members (and/or General Manager) as a "working group" to liaise with Provincial board representatives during this process.

Specialty producer groups are also being asked to establish similar working groups as appropriate. The first such group is the Implementation Team formed by the Certified Organic Associations of BC (“COABC”) and chaired by Brian Hughes. Additional groups and personnel resources will to be identified and established as required.

In addition to working together on this review, all of these working groups must ensure they liaise effectively with their constituencies throughout this process.

Process and Initial Timing Outline

In addition to last week’s general meetings, Provincial board representatives have already had initial meetings with the British Columbia Egg Marketing Board (“Egg Board”) and the COABC Implementation Team. Other initial meeting and scheduling information is as follows:

- | | | |
|------------------------------|---|---|
| January 20 | - | Provincial board and the Egg Board. |
| January 24 | - | Provincial board and the BC Milk Marketing Board (“Milk Board”). |
| | - | Provincial board and the BC Broiler Hatching Egg Commission. |
| | - | Provincial board and the BC Chicken Marketing Board. |
| January 25 | - | Provincial board and the BC Turkey Marketing Board (“Turkey Board”). |
| | - | Provincial board and the COABC Implementation Team. |
| February 1 to
February 7 | - | Timeframe for Mr. Leroux to have initial meetings with each commodity board to review the elements of each board’s plan. |
| February to
mid-March | - | Ongoing consultation with/by working groups. Ongoing review and redrafting of orders and programs by commodity boards (with Mr. Leroux, mostly by telephone and email). Provincial board liaison, assistance and direction where and when required. |
| end February
to mid March | - | Provincial board attendance at the COABC, Egg Board and Turkey Board Annual General Meetings. |
| mid to end
March | - | Final review, consultation and drafting of proposed commodity board specialty production orders, programs, exemption levels, quota transfer assessments, etc. Submission to the Provincial board for review and prior approval. |
| April | - | Follow up inquiries and direction by the Provincial board as required. |
| End April | - | Provincial board provides prior approvals. |
| June 30, 2005 | - | Commodity board programs implemented. |

Transition Dates

The Provincial board supports the recommended transition date of January 1, 2005 for determining the status of specialty producers in terms of permit issuance. It is strongly suggested to the commodity boards that, for planning purposes, they also give immediate consideration to this or some other appropriate date(s), as approved by the Provincial board, for transition purposes in terms of determining exemption levels, implementing quota transfer assessments, instituting revised permit fees and any other program amendment that may be necessary.

Commodity Board Operations and Activities in Interim

The Provincial board understands that the commodity boards have certain legal, procedural and practical obligations to act in accordance with their existing orders and procedures pending the implementation of the new specialty programs. This same understanding is expected from all industry stakeholders.

However, the boards are to make every effort to minimize the potential for disputes during the interim period. Further, they are to actively and constructively seek resolutions to any dispute that exists or may emerge. For example, if annual production licences for specialty production are issued for 2005, the recipients are, at a minimum, to be advised that the final terms of their licence are subject to the outcome of the specialty review.

The commodity boards are to brief the Provincial board at the January 20, 24 and 25 meetings on their plans for dealing with their specialty producers during the course of this review. The Provincial board is prepared to issue further direction with respect to this matter if necessary.

Concluding Remarks

Provincial board representatives were generally pleased by the feedback received at last week's meetings. Although certain difficult and sensitive issues remain outstanding, there was a general acceptance by all concerned that there is a need for certainty and finality with respect to the issue of specialty production in the supply managed sector.

Implementing an effective and viable market responsive system while maintaining the integrity of the supply managed system will require compromise. Not all the issues (e.g., national allocation and future intra-provincial allocation based on market requirements) can be fully resolved within this initial timeframe; however, much can be done now to bring the required certainty and finality so that all industry stakeholders can focus on the business of marketing.

Please contact Ms. Coutts if you have any questions about this process.

Yours truly,

A handwritten signature in black ink, appearing to read 'Richard Bullock', written over a light grey rectangular background.

Richard Bullock
Chair

pc: Daphne Stancil, Assistant Deputy Minister
Strategy, Policy and Legislation
Ministry of Agriculture, Food and Fisheries

George Leroux

Council of Marketing Boards of BC
BC Broiler Hatching Egg Producers Association
BC Chicken Growers' Association
BC Egg Producers Association
BC Milk Producers Association
BC Turkey Association
BC Egg Hatchery Association
Primary Poultry Processors Association of BC
Lilydale Co-operative Ltd.
Fairline Developments Ltd.
Wingtat Game Bird Packers Ltd.
Farmcrest Foods Ltd.
BC Egg Processors Council
BC Dairy Council
BC Specialty Egg Producers Association
Small Lot Agriculture Initiative
c/o Fraser Valley Direct Marketing Association
Island Farmers Alliance
Society for the Prevention of Cruelty to Animals