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Jim Collins, Chair
BC Broiler Hatching Egg Commission

Robin Smith, Chair
BC Chicken Marketing Board

Brad Bond, Chair
BC Egg Marketing Board

Philip Hochstein, Chair
BC Turkey Marketing Board

Ben Janzen, Chair
BC Milk Marketing Board

Dear Colleagues:

QUOTA ASSESSMENT TOOLS EVALUATION – BCFIRB EXPECTATIONS AND LOOKING FORWARD

Thank you again for your attendance and active participation at the February 3, 2017 Quota Assessment Tools Evaluation Workshop hosted by the BC Farm Industry Review Board (BCFIRB). The Workshop was the first step in a cooperative SAFETI¹-based evaluation focused on specific 2005 Specialty Review² transfer assessment and industry entry related policies and directions.

The overall purpose of the Quota Assessment Tools Evaluation project³ (Evaluation Project) is to assess the outcomes of BCFIRB's 2005 Specialty Review transfer assessment and industry entry related directions, as they pertain to their continued effectiveness, utility and appropriateness. The evaluation will be conducted in light of:

- The 2005 transfer assessment and industry entry related policy objectives; and,
- Supporting delivery of sound marketing outcomes in a rapidly changing environment.

BCFIRB would like to ensure that you and your boards understand that there are no pre-determined outcomes associated with the Evaluation Project.

¹Strategic Accountable Fair Effective Transparent Inclusive

² 2005 September 1. [BCFIRB. Specialty Marketing and New Entrant Submissions: Policy, Analysis, Principles and Directions.](#)

³ 2016 November 22. BCFIRB. [Quota Assessment Tools Evaluation.](#)

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The evaluation is intended to determine if industry and public interest policy outcomes are still being achieved and if there are unintended or adverse consequences that need to be addressed.

A sound evaluation process providing substantive information and rationale by your boards will be required before BCFIRB will consider any potential proposed changes. Any recommended changes must balance both industry and public interest considerations.

Based on the Workshop and other supporting information, this letter sets out:

1. The 2005 transfer assessment and industry entry related policy objectives.
2. The finalized areas of focus of the Evaluation Project.
3. BCFIRB's process and outcomes expectations.
4. Next steps and looking forward.

Also attached are the finalized Project Terms of Reference.

2005 Transfer Assessment and Industry Entry Related Policy Objectives

The 2005 Specialty Review established several policies that reflect federal and provincial legislation and regulations. The four key policies that apply to this Evaluation Project include:

- *Quota is intended to be produced.*
- *Quota is transferable.*
- *Producers are actively engaged and committed to the industry.*
- *Quota is available to commodity boards to support policy objectives, including development of specialty markets and providing for new entrants in the supply management system.*

In summary, all of the policies and principles that resulted from the 2005 Specialty Review, including those that focused on transfer assessment and industry entry, were believed to be key in ensuring delivery of sound marketing policy in the public interest through a stable, diverse industry able to meet and grow with changing market demands in an accountable manner.

Areas of Focus

The finalized Areas of Focus for the Evaluation Project are as follows:

1. Transfer Assessment Structure

Evaluate whether, and to what extent, the current structure of transfer assessments is impacting the movement of quota between producers and related consequences.

2. Industry Entry

Evaluate whether, and to what extent, the current programs and tools used to reduce quota-related barriers to entry continue to support industry entry by new farmers (i.e. people new to the industry who are not part of family-farm succession planning). This will include an evaluation of whether, and to what extent, existing transfer assessment exemptions continue to serve their intended purposes, per the 2005 policy objectives stated above.

BCFIRB Process and Outcomes Expectations

The Quota Assessment Tools Evaluation Workshop in February 2017 highlighted the overall responsibility of BCFIRB and your boards to take into account both industry and public interest considerations in quota management decisions.

In order to ensure appropriate and balanced assessment of both industry and public interest considerations, the supply managed boards are expected to use a SAFETI-based process in carrying out your reviews for the Evaluation Project. Boards are expected to provide a SAFETI-based outcome that clearly reflects an informed rationale on what, if any, changes are required to help ensure sound marketing policy⁴ is met in an effective, strategic and accountable manner.

The following sets out BCFIRB's minimum process and outcomes expectations.

Process Expectations

1. The process timeline will be structured on the basis of final submissions being provided to BCFIRB no later than June 30, 2017.
2. The overall process that will be used by your boards to determine what changes, if any, are warranted in the area of transfer assessment structure and/or industry entry, needs to be communicated to BCFIRB and your stakeholders in a timely and transparent manner. This would include, but is not limited to: timelines (including consultation schedule); consultation support documents (e.g. discussion documents and any associated research, information, options for consideration and questions); and, any additional information each board deems necessary to carry out a SAFETI-based review and consultation process.
3. Interim process outcomes will be communicated to BCFIRB and your stakeholders in a timely and transparent manner. This would include, but is not limited to: "What We Heard" reports, written submissions and any board information research outcomes or case studies.
4. The consultation process will include your fellow supply-management boards.
5. The consultation process will include value chain stakeholders as necessary to ensure SAFETI-based outcomes, including potential new entrants, such as those waiting on new entrant lists or unsuccessful applicants, including those for small lot and permit programs.
6. Final submissions must be reviewed by your respective legal counsel prior to submitting to BCFIRB, to ensure any recommendations are legally sound and in compliance with existing legislation and regulations.
7. An informal meeting will be scheduled with BCFIRB to present your final submission and to address any initial questions from BCFIRB.

⁴ Under the *Natural Products Marketing (BC) Act*, BCFIRB is responsible for ensuring the supply management sector achieves its legislated objective – sound marketing policy.

Outcomes Expectations

1. A summary of all current quota distribution, transfer and assessment policies and practices as applied to producers and corporations, and entry programs used by your boards. The summary will include those based on BCFIRB direction as well as those based on policies established by your own board. The summary would contain at a minimum, but is not limited to:
 - Quota distribution policy within and between quota classes.
 - Quota leasing policies.
 - Assessments applied to the first time a quota is transferred between producers (first receiver of quota from the board sells quota to another producer).
 - Assessments applied the second and subsequent times a quota is transferred between producers.
 - Transfer assessment exemptions.
 - Any transfer restrictions, including those related to new entrant quota in conjunction with family transfers.
 - Entry programs (i.e. new entrant programs, permit programs, small lot programs), how they are funded and any pertinent federal-provincial agreement related caps.

This baseline will assist BCFIRB with evaluating any proposed changes to transfer assessments and industry entry.

2. Quantitative and qualitative information that clearly illustrates the state of quota movement, assessments, and industry entry between 2005 and 2016. This may include, but is not limited to:
 - Amount of allowable provincial production by year - indicator of industry status over time – i.e., stable, growth, declining.
 - Division of this production between quota classes/type of production.
 - Amount of quota transferred per year.
 - Type of transfers (family versus sale).
 - Amount transferred and number of transfers by first receivers to other producers.
 - Amount transferred and number of subsequent transfers.
 - How many transfers had exemptions applied (separated by category – family and corporate).
 - Amount of quota made available to the board through transfer assessments.
 - Amount of quota used by the board for new entrant programs and other policy objectives such as specialty, niche, regional or other market development.
 - Fact based information (i.e., data/facts, case studies) obtained from producers and value chain stakeholders collected through consultation on transfer assessments and industry entry.
 - Industry entry statistics. This includes entries via new entrant program; entrants via quota purchase; entry via family transfers; small lot permits and related non-quota programs. This should also include the longevity of these entrants, and their profiles where available, e.g., new farmers without a family connection, new to supply management, operating in other supply managed industries.

3. Using the questions set out in the attached Terms of Reference as a starting point:
 - Consider the quantitative and qualitative information collected through consultation and research, as outlined in the point above, to provide an evaluation on whether the 2005 Specialty Review policy objectives related to transfer assessments and industry entry are being fulfilled, why, and how, and if not, why not.
 - Consider the quantitative and qualitative information collected through consultation and research, again as outlined in point two above, to provide an evaluation of:
 - Consequential negative industry and/or public interest impacts or inefficiencies resulting from the current transfer assessment structure.
 - Whether there are other opportunities to further support industry entry in light of industry renewal through succession planning and new farmers entering through a means other than family-succession planning.
4. Identify what, if any, changes are requested in relation to BCFIRB's transfer assessment and industry entry related 2005 directions.
5. If changes are proposed, show how the proposed changes:
 - Accord with legislation, regulations and any agreements;
 - Meet the intent of the 2005 transfer assessment and industry entry related policy objectives, as identified previously in this letter;
 - Are supported by industry (value chain members), to what extent, and why, and if not supported, to what extent, and why. The value chain members that support and/or do not support any proposed change(s) should be broken down by type and size.
 - Reflect the 2004 Ministry of Agriculture Regulated Marketing Economic Policy (attached).
 - Fulfill sound marketing policy – for example, demonstrate expected implications to industry in both the short and long-term, alongside value chain stakeholders, including the consumer and public. Discussion of the pros and cons should be included. An overview of cost implications to producers, the industry and the boards should be included.
 - Fulfill the public interest – the rationale and implications of recommended changes must clearly balance the interests of industry with those of the value chain and consumers, along with being in the overall economic interest of British Columbia.
 - Reflect any joint considerations and outcomes between your boards.

Next Steps and Looking Forward

BCFIRB anticipates continuing to work with your boards as the Evaluation Project unfolds, including hosting any additional joint workshops or holding one-on-one informal meetings with each board as needed.

BCFIRB is aware boards are in different stages in respect to the Evaluation Project process. BCFIRB looks forward to discussing with these boards, what, if any, further consultation, research or other activities are required to meet any outstanding BCFIRB process and outcome expectations related to the Areas of Focus.

It is anticipated that any changes recommended to BCFIRB will be on a go forward basis, with a recommended implementation date that, should it be approved, would provide appropriate notice to producers and all value chain stakeholders.

Once BCFIRB receives your submissions **by June 30, 2017**, it may implement its own processes as necessary to ensure sound marketing policy outcomes in the interest of both industry and the public.

Thank you again for your time and participation in this process. BCFIRB board members and staff are looking forward to working with you, your boards and staff in the coming months on this important initiative.

Please do not hesitate to contact Kirsten Pedersen, Executive Director, at 250-387-3915 or Kirsten.Pedersen@gov.bc.ca if you have any questions.

Yours truly,



John Les,
Chair

Attachments

Project Terms of Reference
2004 Ministry of Agriculture Regulated Marketing Economic Policy

cc: James Mack, Assistant Deputy Minister
Agriculture Science and Policy
Ministry of Agriculture

BC Broiler Hatching Egg Producers Association
BC Chicken Growers Association
BC Egg Hatchery Association
BC Egg Producers Association
BC Milk Producers Association
BC Specialty Egg Producers Association
BC Turkey Growers Association
BC Poultry Association

BCFIRB website