

Quota Assessment Tools Evaluation

Introductory Presentation to BC Hatching Egg Producers

Some Background:

2003-2006 Government Supervisory Review – Why?

- **Ministry of Agriculture Regulated Marketing Economic Policy (2004)**
<http://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/organizational-structure/boards-commissions-tribunals/bc-farm-industry-review-board/regulated-marketing/supervisory-reviews/supervisory-review-decisions/dairy-quota-governance/2004july26finalpolicy.pdf>
- **September 1, 2005 BCFIRB Supervisory Policy Directions**
<http://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/organizational-structure/boards-commissions-tribunals/bc-farm-industry-review-board/regulated-marketing/supervisory-reviews/supervisory-review-decisions/dairy-quota-governance/2004july26finalpolicy.pdf>
- **September 2, 2005 BCFIRB Supervisory Policy Direction**
http://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/organizational-structure/boards-commissions-tribunals/bc-farm-industry-review-board/regulated-marketing/supervisory-reviews/supervisory-review-decisions/specialty-review-2005/concurr_dec_new_alloc_sept2_05.pdf
- **Follow-Up BCFIRB Policy Directions (new entrants, transfer to sibling exemption etc.)**
<http://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/boards-commissions-tribunals/bc-farm-industry-review-board/regulated-marketing/supervisory-reviews/specialty-review-2005>
- **BCFIRB Policy Directions to BC Milk Marketing Board re: Quota Transfer Exemptions and Quota Governance Review**
<http://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/boards-commissions-tribunals/bc-farm-industry-review-board/regulated-marketing/supervisory-reviews/bc-milk-marketing-commission-decisions>
- **B.C. Agrifood and Seafood Strategic Growth Plan**
<http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/strategic-growth-plan.pdf>

Other Considerations:

- **2016/2017 BCFIRB Quota Assessment Tools Evaluation Project**
<http://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/boards-commissions-tribunals/bc-farm-industry-review-board/regulated-marketing/supervisory-reviews/2016-quota-assessment-tools-evaluation-project>

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Related Overarching Policy Principles:

- Quota is intended to be produced.
- Quota is transferrable
- 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

Regulatory Framework:

- Under Section 8(1)(b) of the British Columbia Broiler Hatching Egg Scheme, the Commission may:
...establish, issue, alter or cancel a quota that applies to any person as the commission may determine from time to time, whether or not the quota is in use, and to establish conditions that apply to the issuance, alteration or cancellation of quotas, the quotas to remain the exclusive property of the commission which shall not attach any monetary to them

Why IS BC FIRB conducting this Evaluation:

- Transfer issues currently impacting dairy and eggs, chicken issues are imminent.
www.milk-bc.com
<http://bcmilkmarketing.worldsecuresystems.com/governance/quota-tools-assessment-review>
- Except for new entrants, hatching eggs and turkey will not see impact until utilization exceeds 100% and new quota is issued (hatching eggs allocation increasing)
- Commission conducting review to ensure potential policy changes by other boards/BCFIRB will work for hatching eggs when time comes

Transfer Assessments:

- Intended to provide quota for specialty, new entrants, other policy objectives (minimize barriers to entry for new entrants - demonstrate that not “closed shop”)
- 5% transfer assessment (originated in dairy decades ago)
- LIFO and 10/10/10 – must use new quota issued to you or significant transfer assessment
- Deemed assessment – number of transfers in industry calculated on 3-year rolling average and deducted from provincial allocation before quota issued to producers pro-rata

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- Decisions of individual boards to use provincial allocations to fund policy objectives as determined necessary before distributing balance of quota pro rata

LIFO and 10/10/10:

- Rationale – quota is to be produced by active, committed producers
- Address speculation in quota
- If you want the quota, must be able to produce it – density and other concerns
- Removes flexibility of producers to transfer quota out/in to support longer term business planning
- Limits flexibility of producers to transfer quota between themselves (one of overarching policy principles)
- Reduces amount of quota available to other producers due to impact of transfer assessments – producers hold onto quota
- Assessments not needed if boards allocate in support of policy objectives up front – such objectives still must be met

Some Initial Questions to Consider:

- Are the policy objectives understood and still supported as a means of retaining public trust?
- How does the sector ensure it retains public trust – not a ‘closed shop’?
- How does the sector demonstrate that it is responsive, innovative and sustainable?
- What is the best way to allocate in support of policy objectives?
 - Up front allocation by boards?
 - Assessments - and if so, what kind?
 - Other?
- Should there be differences between producers (e.g., mainstream, new entrant, specialty) in terms of new quota? Or reciprocity (equal treatment)? Why or why not?
- Do your answers change if there is little or no industry growth?
- How do answers to the above fit into the Commission’s strategic plan? How the industry will look in 5-10-20 years?

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Steps and Timeline:

- Identification of background information
- Monitor/discuss activities of other boards (directly/through COMB)
- Liaison with BCFIRB
- Face to face meetings with stakeholders, links to info, feedback
- Initial assessment by May 11, 2017
- Draft report to stakeholders by June 2, 2017
- Responses/further meetings by June 16, 2017
- Report to BCFIRB by June 30, 2017