

Quota Management Tools Review

Issue:

The BCEMB conducted a survey of producers and the general public regarding the quota management tools that are available and some proposed changes. These responses should be considered prior to finalizing the direction the BCEMB should take.

Discussion/Recommendations:

The survey responses are summarized on the attached document, below are staff's recommendations for each policy.

1. **New Producer Program** – This received a fairly positive response, the program should remain as written.
2. **Provincial Allocation Increases** – The feedback from the survey was that only enough of the allocation should be held to keep our commitments for the new producer program, the rest should be issued pro-rata. The BOD may wish to consider issuing the remainder using a modified pro-rata where a slightly higher percentage is issued to those on the New Producer Program that have not reached their 10 year anniversary.
3. **Quota Transfer Assessments** –
 - a. The majority of respondents felt that 10/10/10 was a good policy for those who entered the industry through the New Producer Program. Staff recommends changing this to 10/10/5 as suggested by a respondent as this would mean that after the 10 years, the New Producer Program issuance will be treated the same as all other quotas issued prior to 2006.
 - b. While there are many variable to consider, respondents felt that a 50/2/5 policy on quotas issued as part of a national allocation increase to all producers would be effective at increasing quota sales while ensuring those that the quota was issued to would use it as intended. Staff recommends to keep this policy as is.
 - c. The majority of respondents also felt that the 5% transfer assessment should be maintained with the additional exemption of sibling transfers. Some producers felt that if we were able to get all of our NPP quota through new issuance, then the assessment should not take place and that it could be reinstated when needed. This is not a fair practice to all producers so staff is recommending to leave the 5% quota transfer assessment as is and request sibling transfers as an exemption.
4. **Provincial Leasing Policy** – The feedback showed that this is a good policy however there were many comments on extending the length of time as sometimes it could take a number of years. This could be added in with the provision that there is a plan in place with set timelines. Staff recommendation is to keep the leasing policy at one year. If a producer has multiple barns being retooled and stages them to be done one year at a time, it can be assessed on a case by case basis.
5. **Small Lot Permit Program** – The increase in the number of permits issued was met with some concern. This concern centered mostly on the BCEMB having too few or too many sign-up. The respondents either felt the price was too low or too

- high. Staff recommends that the BCEMB proceed with the expansion of the program while keeping the cost at \$250 as that is the actual cost to the BCEMB.
6. **Utilization Rate** – Respondents felt that the TMG was a good program to increase the utilization rate. The BCEMB is already trying to provide producers with more notice for upcoming increases and encouraging them to build for growth. Staff recommends that the BCEMB leave the TMG program as is and work with the Quota Credit policy to increase usage.
 7. **Quota Credit Policy** – The respondents were mostly in agreement with the revised quota credit policy. A few of the suggestions that staff would like to investigate further are
 - a. Creating a maximum percentage of quota credits allowed based on farm size
 - b. Ensuring that the quota credits listed for sale are in a place that is easy for producers to find
 - c. If a producer hasn't used any quota credits in three years they should be sold/cancelled/frozen...
 - d. Provide education to producers on how to use quota credits – single out those producers that don't use them often
 8. **Quota Allocation Formula** – the feedback from this part of the survey emphasized the need for the formula to look further ahead and take into account provincial requirements.
 9. **Other Comments** – These are other issues that arose from the survey that staff needs to research more fully prior to providing a recommendation.
 - a. There are some issues with the Quota Exchange that need to be worked out – what happens when a new producer purchases quota? They should be given some time to build and place.
 - b. Management Contracts need to be defined and dealt with.
 - c. Provide a quota leasing pool from the next allocation – any quota that can't be used for a specified period of time (longer than 6 months).