

New Producer Program Policies and Procedures

Introduction

The New Producer Program (NPP) is a program of the BC Egg Marketing Board (BCEMB) that contributes to the renewal and sustainability of the regulated egg industry in BC. It provides opportunities for innovation and regional development by meeting the demand for a broad range of egg products produced locally by BC farmers.

These policies and procedures are intended to provide direction and clarity with respect to program structure, application, review, and selection process under the NPP. In the event of discrepancies between these policies and Part IV of the BCEMB Consolidated Orders, Part IV shall take precedence in addressing any disputes regarding the NPP.

The rules for the NPP are set out in Part IV of the Consolidated Orders. The framework for the NPP Lottery was adopted in 2009 as part of the BC Farm Industry Review Board (BC FIRB) 2004 Specialty Market and New Entrant Program Supervisory Review. The BC Egg Marketing Board (BCEMB) committed to BCFIRB to allot quota to two new producers per year starting in 2012.

In 2011, the BCEMB held a draw for six applicants to cover New Producer Program (NPP) allocations for 2010, 2011 and 2012. In 2015, the BCEMB started four new entrants under the current NPP to cover 2013 and 2014. In 2016 and 2017, the BCEMB drew a total of 13 new entrants to cover 2015, 2016, 2017, 2018, 2019 and 2020. These new entrants have a staged start up between 2017 and 2020. All will be in production by the end of 2019.

Program Review Process

The first NPP Lottery in 2010 was subject to a joint review by the BCEMB and BC FIRB following the initial implementation of the NPP. The 2010 review resulted in modifications to the NPP procedures for conducting the 2011 Lottery. In 2011, the BCEMB appointed a NPP Review Committee to conduct the 2011 NPP Lottery. The NPP Review Committee established policies and procedures for late applications and for eligibility, including formal requirements and substantive requirements. The policies and procedures were adhered to in the conduct of the 2011 NPP Lottery.

The BCEMB initiated an evaluation of the NPP in the fall of 2014 as part of the Core Review Process. In February 2015, the BCEMB provided BC FIRB with a final draft of its 2015 New Producer Program – Application Review and Selection Policies and Procedures. The amendments to the NPP Rules as set out in Amending Order 015 – Schedule 1 were approved by BC FIRB however, *BCFIRB determined it was not necessary or advisable to prior approve the operational details – how many producers (with the 12 proposed representing a minimum as per paragraph 25), in what categories, timeframe and location – of the 2016 NPP draw. As the Egg Board itself discovered following the 2015 draw, such decisions are subject to ongoing changes in market and industry requirements. These decisions are for the Egg Board to confirm following demonstrated assessment and consideration of all market and policy requirements. These decisions will be subject to appeal under s. 8 of the NPMA as are other orders, decisions or determinations of commodity boards.*¹

After each draw, the BCEMB reviews the program and uses the feedback received, as well as market cues, to determine what, if any, changes are required for the program. The 2016 New Producer Program Draw took place on January 11, 2017. As a result of a regional requirements study and a request from a local grader, a second draw was held on March 6, 2018 for the Kootenay region. In June of 2018, the BCEMB commenced a stakeholder consultation on the current version of the New Producer Program.

¹ March 1, 2016 [Prior Approval of the BC Egg Marketing Board New Producer Program 2016](#). BCFIRB

The survey was sent to 335 stakeholders, including both successful and unsuccessful NPP applicants, grading stations, and current producers as well as being posted on our website. A full summary and list of responses can be found in Appendix A. Survey respondents felt that the program is administered well and fulfills the program objectives. A majority of respondents (59%)² felt that a starting value of 3000 hens and two new entrants per year is sufficient. In addition, the BCEMB reviewed how the other provinces are administering their new producer programs. Based on industry consultations and feedback received to date, the Board is proposing a Temporary Allotment Program that will enable new entrants to have access to an additional 1000 quota units for a maximum of five years. Please see the Temporary Allotment Program Policy for more details.

Program Objective

The New Producer Program was established with the intent to provide BC residents who have an interest in egg production and agriculture but are from outside the regulated supply chain, an opportunity to contribute to the sustainability and renewal of the regulated egg sector in BC. To further clarify this overarching objective, the program is designed to:

- Assist in facilitating entry into the industry with a quota amount that is appropriate for the infrastructure within that region while also considering regional food security.
- Ensure that new entrants selected by the program will remain actively engaged in the industry.
- Assist entry into the industry with a minimum number of hens that is efficient for affected stakeholders such as feed delivery, pullet suppliers, and grading stations.
- The intent of the program is to ensure that the new entrant is economically viable, however, this does not mean that it will be a self sufficient operation whereby the operator is not required to have other income sources.

Over the last decade, the BCEMB has effectively used the NPP as a tool to:

- Sustain and renew the regulated egg industry in new and existing markets
- Add to the strength, viability, and credibility of the regulated marketing sector
- Diversify the producer base
- Encourage innovation and regional economic growth.

New Producer Distribution

Through the New Producer Program, the BCEMB has the opportunity to strategically place new entrants throughout the province. When considering regional placement, the amount of quota may vary as different regions have different markets and production needs. A new entrant may also be required to process and market their production within their region.

The BCEMB is conducting a regional needs study to determine the movement and source of eggs at a retail level in the different regions of BC. This information will be combined with data obtained from consumer research to determine if their product needs are being met in each region.

The BCEMB will maintain its commitment to start a minimum of two new producers and maximum of 6,000 quota units per year, on average, with draws to be held every five years, commencing in the fall of 2020 or spring 2021. Each New Producer, upon application, will be required to clearly outline their business plan including the number of hens required based on their market needs. The number of hens provided to a successful applicant will vary between 400 and 3000, based on their demonstrated market needs.

The BCEMB may stage the issuance of NPP licences over a pre-established period, i.e. if allocating 10 NPP licences, staging could be four entrants in year one, three entrants in year two, and three entrants in year three or any other combination required to facilitate a timely response to market demand. In the

² The segmented responses can be found on Page 1 of Appendix A. 80% of the responses from our largest and middle sized producers feel that 3,000 is sufficient, 50% of our smallest producers, 56% of non-successful NPP applicants and 60% of Stakeholders. 47% of our other respondents felt that it was sufficient.

event that NPP licences are to be staged, unless otherwise provided for in the applicant's submission, the licences will be allotted in the order they are drawn.

The Board maintains their discretion to select applicants for a NPP quota allotment without using the formal draw process based on a demonstrated need within a region. Selected applicants would be required to follow the same application process as a regular applicant, which includes the requirements listed under "Initial Screening of Applicants" on page 4 of this document as well as the comprehensive business plan and essay which meets the minimum scoring requirements outlined under "Scoring Process" on page 5. The applicant must demonstrate the market need for the product and how it will be graded and distributed.

Program Administration

The NPP Program Administrator shall be the BCEMB Manager, Operations & Logistics. The Program Administrator is responsible for:

- Receiving applications and completing the Initial Application Review.
- Responding to and managing all correspondence and enquiries associated with the delivery of the NPP.
 - Enquiries regarding individual qualifying and non-qualifying applications will only be discussed after the application deadline has passed.
 - The Program Administrator must not assist prospective applicants in any way in the preparation of their applications nor provide any information other than what is publicly available for the NPP.
- Recommending nominees to the BCEMB for a NPP Review Committee.
- Chairing the NPP Review Committee and providing support and oversight in the conduct of the Committee members as they apply the policies and procedures associated with the review of applications to ensure compliance with program rules.
- Follow-up with applicants as directed by the BCEMB.

Program Notification

The BCEMB shall approve a Program Notification Plan, developed by the Program Administrator and guided by Part IV of the Consolidated Orders, each time the NPP is opened to receive applications. This program notification shall include digital and traditional advertisements in the region the New Producer must be located in as well as on the BCEMB website and social media channels. The notification will include:

1. Application deadline
2. Regional requirements
3. Clarification whether the applicant can be a producer, producer-vendor, or producer-grader
4. Link to the application form
5. Link to the program policies and procedures
6. BC Egg contact information

Initial Application Screening

Application Requirements

The Application Requirements for the NPP are set out in Part IV of the Consolidated Orders. An addition to the application requirements for the 2019 NPP Policy is the requirement for the applicant to identify their market needs as part of their business plan and relate that to their required bird numbers requested, as well as outlining how the eggs will be processed and marketed within their region. The previous program states that an applicant must be willing to produce all 3000 hens. This updated requirement highlights that not all regions or markets are the same and in some instances there may be a need for small niche producers in less populous regions.

Eligibility

Eligibility for the NPP is set out in Part IV of the Consolidated Orders. One additional requirement has been added after stakeholder consultation and feedback received from other provinces. Neither the applicant, nor the spouse of the applicant, nor any co-applicant, may hold, or have held at any time, any

legal or beneficial interest in quota or any similar transferable production right issued or Issued by a supply management commodity board or commission in Canada, including Layer Quota, whether directly or indirectly, through any organization or entity. Previously this requirement was limited to quota within the province of BC.

Initial Application Review

All applications received must meet the formal application requirements listed below in order to qualify for the comprehensive review process.

Late Applications

All applications must be received by the advertised program deadline to be considered. Any and all applications received after the advertised program deadline, irrespective of post-mark on the envelope containing the application, shall not be opened and shall be returned to the applicant by the Program Administrator with a letter indicating that the application was not received prior to the advertised program deadline. The Program Administrator shall record and report to the BCEMB the number of late applications as part of the summary report on the program. The names of the late applicants, if noted on the envelope, shall be recorded for purposes of responding to any questions or inquiries from the applicant.

Initial Screening of Applications

All applications received by the Program Administrator shall be screened to ensure they meet NPP requirements as outlined in Part IV of the Consolidated Orders. More specifically, the Program Administrator shall screen all applications received to ensure the applicant has provided the required documentation that indicates the applicant:

- Is a Canadian citizen or landed immigrant.
- Is a permanent resident of BC.
- Is at least 19 years of age.
- Included the requisite statutory declarations contained in the NPP Rules.
- Does not hold quota of any type in the supply-managed sector within Canada.
- Has never held quota, currently or in the past, of any type in the supply-managed sector within Canada.
- Has included a comprehensive economically viable business plan, information on why they want to be an egg producer, and a description of their intended long-term commitment and active engagement within the industry.
- Has provided evidence of their financial viability by the inclusion of the applicant's net worth statement or a net worth statement of the person(s) (private sources) providing the financing that has been signed by a designated accountant or certified financial planner.
- Has provided proof of ownership or specific plans to own property that is independent of any other supply managed production unit.
- Clearly states the number of hens requested and the timeframe to be in production.
- Provided the required application fee.

A Person can apply for more than one draw; however, a separate application will need to be completed for each draw.

Application Log

The Program Administrator shall open applications upon receipt, except for applications received after the advertised program deadline. Each application received shall be date stamped upon receipt and assigned a unique application number.

The Program Administrator shall create an applications log that includes the following information:

- Application number
- Name and if a partnership, Name of Partner(s)
- Contact Information including mailing address, email address, and telephone number
- Application fee received and accepted
- In the case where there is more than one draw or application pool, the pool that the applicant is applying for

Application Fee:

The application fee for the New Producer Program is \$750.

Initial Screening Notification

Within seven days of the application closing date, all applicants will receive formal notification from the BCEMB regarding the status of their applications. All incomplete applications will not be considered further and unsuccessful applicants will be notified with an explanation as to why they did not pass the initial screening.

All complete applications will be deemed “Qualifying Applications” and move forward to the comprehensive review process.

The BCEMB shall be provided with a summary of qualifying and non-qualifying applications, including reasons for decline, if applicable. The BCEMB will receive the summary at the same time the applicants receive notification.

Comprehensive Review Process

The process shall be guided by Part IV of the Consolidated Orders. Qualifying applications will be subject to a comprehensive review by the NPP Review Committee.

NPP Review Committee

A NPP Review Committee (the “Committee”) shall be appointed by the BCEMB with appropriate powers delegated to review and score Qualifying Applications for recommendation to the BCEMB for entry into the draw for the allotment of NPP licences.

The Committee shall be comprised of a minimum of three and a maximum of six well-respected and knowledgeable industry representatives that may include representation from the following:

- A licenced egg producer that is not a Director of the BCEMB.
- A current NPP licenced producer.
- Financial sector.
- Agri-business sector.
- BC Egg Processors Council
- Egg Industry Advisory Committee (EIAC).
- BCEMB Producer-Vendor.

The Committee members are bound by, and shall adhere to, the BCEMB Confidentiality and Conflict of Interest Rules. As with all BCEMB committees, the NPP Review Committee will be required to sign the applicable committee member declaration form.

Scoring Process

The Program Administrator(s) shall convene the Committee and prepare it for the comprehensive review of the Qualifying Applications. Each application will be given a score of 0-100 based on the following:

- 1) Up to 75 points will be awarded to a business plan based on the extent to which the applicant has economically viable plans to sustain the production and marketing of eggs within their region. The business plan must include an Operations Management section that describes in detail how the applicant will manage day-to-day operations.
- 2) Up to 25 points will be awarded to an essay containing the following information :
 - a. the applicant’s past experience in, or knowledge of, farming in general and egg production in particular. an explanation of why the applicant wishes to be actively engaged in egg production, and
 - b. why the applicant’s involvement in egg production would be in the interests of the industry as a whole.

An applicant must score a minimum of 50 out of 75 points for the business plan and 15 out of 25 points for the essay, plus a total minimum of 75 points in order to be considered further. Any applicant scoring less than what has been outlined will not be given any further consideration.

The Program Administrator shall note the deficiencies and questions for each qualifying application including the rationale for why the non-qualifying applications will not be considered further.

Comprehensive Review Notification

After the NPP Review Committee has had the opportunity to review all qualifying applications, all applicants will receive formal notification from the BCEMB regarding the status of their applications.

Applicants that score 75 points or more will be notified that they have moved forward to the performance deposit process.

Applicants that score 74 points or less will be notified that they will not be given any further consideration, and will be provided with feedback regarding areas for improvement.

The BCEMB shall be provided with the list of qualifying applications, sorted by scores 75 and above or 74 and below.

Performance Deposit

The BCEMB is seeking applicants who demonstrate a genuine interest in investing long term in the egg industry in BC. The design of the review and selection process is intended to support applicants displaying “genuine interest” and will identify the best possible future egg producers. The performance deposit has been established to minimize the risk of frivolous applications; and for applicants to demonstrate their commitment to establishing an economically sustainable independent egg production unit., The BCEMB has established a requirement for qualifying applicants to post a performance deposit of \$10,000, as per Schedule 1.

In previous years, the BCEMB has requested the Performance Deposit from the Qualifying Applicants at the same time as they were notified of their Comprehensive Review scores. In the case that a Qualifying Applicant who scored 74 or less appealed their result, the BCEMB may be holding the Performance Deposit for a significant period of time. This is not the intent of the BCEMB. The timeline has been modified so that the BCEMB will request the Performance Deposit from qualifying applicants who scored 75 or more either 30 days after qualifying applicants were notified of their scores, or after the conclusion of any appeals resulting from the comprehensive review process.

Performance Deposit Request

The Program Administrator will request the Performance Deposit from qualifying applicants who scored 75 or more either 30 days after qualifying applicants were notified of their scores, or after the conclusion of any appeals resulting from the comprehensive review process. At that time, the applicants will have 30 days to provide the \$10,000 deposit.

Performance deposits shall be accepted and deposited upon receipt and held in a non-interest bearing account. Qualifying applicants whose deposits are not submitted, received after the deadline, or returned due to non-sufficient funds (NSF) shall be excluded from any further consideration.

Performance Deposit Notification

Qualifying applicants will be notified of their status within seven days of the 30 day deposit deadline of Those applicants whose performance deposits have been successfully deposited shall be notified that they have been recommended to the BCEMB for inclusion into the Random Draw.

Those applicants who have been excluded from further consideration will be notified as to the reason and, if it was due to a deposit being received after the deadline, the cheque will be returned.

Final List of Qualifying Applications

The Program Administrator shall provide the Committee with a final list of qualifying applicants who have scored 75 or greater and successfully submitted a performance deposit. The committee may then recommend to the BCEMB that the random draws be conducted for the allotment of the pre-determined NPP licences from that list.

Random Draw

The BCEMB, after due consideration of all relevant information and where the Committee has recommended that random draws be conducted, shall set a date for the draws.

If an applicant has applied for multiple draws and is successful in a draw, their application will be removed from subsequent draws.

The Board reserves the right to interview candidates who are selected by Random Draw. In the interview, candidates should be prepared to answer questions about themselves and their applications and should be prepared to provide additional information about their proposed egg operations. While it is unlikely that it would be deemed necessary, the Board reserves the right to “veto” a candidate, if the Board determines that a veto is warranted.

Performance Deposit Refund

The Performance Deposit shall be refunded under the following conditions:

- 1) The qualifying applicant was not selected through the draw process and either 30 days from the draw results notification has passed or after the conclusion of any appeals resulting from the selection process.
- 2) The selected qualifying applicant has received their allotment (the applicants first flock is placed in their facility and is 19 weeks of age).

If a selected qualifying applicant does not commence production within the specified time frame, the deposit is forfeited and will be transferred into BCEMB's general revenue.