

February 27, 2020

Kirsten Pedersen
Executive Director
BC Farm Industry Review Board
780 Blanshard Street, 1st floor
Victoria BC V8W 2H1

Dear Kirsten,

REQUEST FOR APPROVAL OF THE BC EGG MARKETING BOARD'S REVISED DEFINITION OF BUSINESS UNIT

On [November 4, 2019](#), BCEMB provided an amended definition of “Business Unit” to BCFIRB for review and approval. BCFIRB’s Decision dated [January 30, 2020](#) approved BCEMB’s definition of “Business Unit” in principle but requested the BCEMB to provide a clarified definition that can be easily explained and understood by producers.

BCEMB agrees that a clarified definition will assist producers to make fully informed decisions when moving quota between their farm operations to manage production types and business efficiencies, and reduce the risk of erringly triggering the 12 month moratorium on receiving growth quota. With this in mind, BCEMB clarified and refined the definition of Business Unit as follows:

Registered Producers where the direct or indirect interest in which is exclusively held by the same Person or Persons, in the same proportion, for each such Registered Producer.

BACKGROUND

The intent behind BCEMB’s revised definition of Business Unit is to ensure that if a Person is transferring quota to themselves, they will be exempt from the 12 month moratorium on receiving growth quota.

BCEMB determined that the definition needed to capture two key concepts:

1. The people involved on both sides of the transfer must be the same.
2. The ownership percentage for each of the people involved, on both sides of the transfer, must be the same.

The definition BCEMB submitted for “Business Unit” on November 4, 2019 is:

- a. two or more corporate Registered Producers, the direct or indirect interest in which is exclusively held by the same individual;
- b. two or more corporate Registered Producers, the direct or indirect interest in which is exclusively held by the same group of individuals, in the same proportion, for each such corporate Registered Producer; or
- c. an individual who is a Registered Producer, and one or more corporate Registered Producers, the direct or indirect interest in which is exclusively held by that individual.

PROPOSED REVISED DEFINITION OF BUSINESS UNIT

The BCEMB believes the proposed clarified definition of Business Unit noted below fully meets BCFIRB's quota management policies and directives:

Registered Producers where the direct or indirect interest in which is exclusively held by the same Person or Persons, in the same proportion, for each such Registered Producer.

The following terms are defined in the Consolidated Orders:

Person: includes any sole proprietor, partnership, firm or corporation

Producer: a Person who owns, keeps or maintains Layers in the Province of British Columbia

Registered Producer: a Producer who is registered under the Scheme holds Quota and a licence.

The proposed revised definition clearly indicates the individuals must be Registered Producers and the holdings must be in the same proportion. Using the term "Person" in the definition ensures that the reader understands the definition applies to any business type.

As the intent of the definition has remained the same and only the wording has been clarified, the BCEMB feels that additional stakeholder consultation is not required, particularly due to the short timeframe.

For supplementary information on the overall intent of the definition of Business Unit, including SAFETI analysis, please refer to BCEMB'S letter dated November 4, 2019.

CONCLUSION

The BCEMB's proposed revised definition of Business Unit strives to ensure that producers have a clear understanding of which quota transfers would trigger the twelve-month moratorium. This definition also complies with the Consolidated Orders.

The effective date for the Amending Order of the Consolidated Orders has been updated to January 1, 2022 to ensure that the BCEMB provides all producers with a minimum of two years notice, as outlined in our [May 27, 2019](#) submission. The updated Amending Order to the Consolidated Orders is presented in Section 1.

Thank you for your consideration. Please do not hesitate to contact me should you have any questions.



Katie Lowe P.Ag.
Executive Director

Section One

**AMENDING ORDER #007
TO THE
CONSOLIDATED ORDER OF NOVEMBER 1, 2017**

**MADE BY
THE BRITISH COLUMBIA EGG MARKETING BOARD
ON March __, 2020**

The British Columbia Egg Marketing Board orders as follows:

1. Section 2 of Part 1 of the Consolidated Order of November 1, 2017 is amended by adding the following definitions to the list alphabetically:

“Base Quota” means Layer Quota that has been transferred at least once or growth quota that has been in production for 11 years or quota issued under Part IV 5 that has been in production for 11 years.

“Business Unit” means Registered Producers where the direct or indirect interest in which is exclusively held by the same Person or Persons, in the same proportion, for each such Registered Producer.

“Growth Layer Quota” means new Layer Quota that is issued by the Board as a consequence of an increase to the Province’s allocation.
2. Section 2, subsection (3) of Part III of the Consolidated Order of November 1, 2017 is amended by adding the following subsection immediately after subsection (3)(k):
 - (l) The Board will not issue quota to a producer while that Producer is leasing quota to another producer under Part VII 1. (2).
 - (m) to any Person who has transferred any quota within the last 12 months, including exempt and non-exempt transfers, with one exception as follows:
 - (i) If a quota transfer does not result in an overall change in total quota holdings within a business unit, quota holders within that business unit remain eligible to receive growth.
3. Section 2, subsection (4) of Part III of the Consolidated Order of November 1, 2017 is repealed and replaced with the following:
 - (4) Where a Person is ineligible to receive an issuance of Layer Quota by reason of paragraph (3)(i), (j), (k) or (l), the Layer Quota that cannot be so accommodated:

4. Section 2, subsection (5) of Part III of the Consolidated Order of November 1, 2017 is repealed.
5. Section 3, subsection (1) of Part V of the Consolidated Order of November 1, 2017 is repealed and replaced with the following:

(1) Subject to subsection (3), where Layer Quota is Transferred, on the first transfer of any growth quota issued, or incentive quota issued under Part IV, the Transferor shall surrender to the Board an amount of Layer Quota calculated as follows:

Day 1 to day 364	100% reverts to the Board
After Year 1 anniversary date	90% reverts to the Board
After Year 2 anniversary	80% reverts to the Board
After Year 3 anniversary	70% reverts to the Board
After Year 4 anniversary	60% reverts to the Board
After Year 5 anniversary	50% reverts to the Board
After Year 6 anniversary	40% reverts to the Board
After Year 7 anniversary	30% reverts to the Board
After Year 8 anniversary	20% reverts to the Board
After Year 9 anniversary	10% reverts to the Board
Year 10 anniversary date and beyond	0% reverts to the Board

6. Section 3, subsection (2) of Part V of the Consolidated Order of November 1, 2017 is repealed.
7. Section 3, subsection (4) of Part V of the Consolidated Order of November 1, 2017 is repealed and replaced with the following:
 - (4) A surrender of Layer Quota pursuant to paragraph 3(1) is not required where:
8. *This Order comes into effect January 1, 2022.*

DATED at Abbotsford, British Columbia, on March __, 2020

BRITISH COLUMBIA EGG MARKETING BOARD

Gunta Vitins, Chair