

February 19, 2021

Kirsten Pedersen
Executive Director
BC Farm Industry Review Board

Dear Ms. Pedersen:

Request for approval for Producer-Vendor requirements and related changes to the New Producer Program

The BC Egg Marketing Board (BCEMB) is seeking approval from the BC Farm Industry Review Board (BCFIRB) for the amendments to the producer-vendor category and related changes to the New Producer Program and Consolidated Order that are presented in this proposal.

According to the [J & E Appeal Decision dated August 14, 2020](#), the BCEMB was directed to review the producer-vendor requirements, including licensing, and related changes to the New Producer Program. The BCEMB completed comprehensive stakeholder consultations as an integral component of the review process, in accordance with BCFIRB directives. The proposed amendments to the producer-vendor category, New Producer Program (NPP) and Consolidated Order are fully supported by a process consistent with SAFETI principles as per BCFIRB's prior approval directive.

Producer-Vendor Definition

The BCEMB has been advised by legal counsel that varying the definition of producer-vendor in the BCEMB Consolidated Order from the definition of producer-vendor in the BC Egg Marketing Scheme is not legally binding. In addition, the appeal decision (paragraph 69) states "to the extent the Scheme defines the term "producer-vendor", it is not entirely clear how the Egg Board can substantively alter this definition through the Consolidated Order". As such, the BCEMB will remove the 75% minimum self-vending requirement contained in the definition in the Consolidated Order to match the definition in the Scheme which reads as follows:

"producer-vendor" means any grower who produces and markets, offers for sale, sells, stores or transports all or any portion of the regulated product grown by him but does not process, market, offer for sale, sell, store or transport the regulated product grown by any other person;

This revision removes any confusion and mismatch between the Consolidated Order and the Scheme. However, to support a more robust New Producer Program and successful producers within the program, including producer-vendors, BCEMB will stipulate special terms and conditions requiring changes in the Consolidated Order, and the creation of an NPP Policy document. The NPP Policy document will be updated for each iteration of the NPP clarifying the special requirements for each draw.

Licensing

The Board has not recommended a differentiated producer-vendor licence for two reasons:

- 1) The requirements for producer-vendors only affect a producer's standing within the Consolidated Order in circumstances where that producer has entered the industry through the NPP. These requirements will be clearly laid out in the NPP Policy document.
- 2) At the end of the 10 year 10-10-0 restrictions, the NPP quota will be converted to base quota and the New Producer will become an Established Producer. This means that they can be free from all NPP draw restrictions. The addition of a special licence would impose the NPP restrictions on that producer in perpetuity, creating a second class of producers. The intent is that all producers are treated equally as much as possible.

Note: In the case where an NPP winner begins operations as a producer-grader or transitions from a producer-vendor to a producer-grader, the producer-grader must be CFIA certified and obtain a grading station licence from the BC Egg Marketing Board as outlined in Part II of the Consolidated Order. This will result in a producer-grader having a producer licence and a grader licence, both issued by BCEMB. The 10-10-0 situation described in #2 above also applies to producer-graders who acquired quota through the NPP.

A summary of the definitions and categories of producers participating in the consultation is presented in Appendix A.

2021 New Producer Program – Underlying Principles

The following principles underpin the recommended revisions to the New Producer Program and resulting changes to the Consolidated Order:

- 1) **Increasing Food Security within the Province** - The 2021 NPP program is intended to improve food security within the province by ensuring reliable egg production in regions/areas where there may be insufficient production to meet local needs, beyond the Lower Mainland. These areas were identified through a regionality study conducted by BC Egg in 2019. While we acknowledge the study results are somewhat dated and pre-COVID, the information is sound for the purposes of the NPP.
- 2) **Producer Self-Sufficiency** – To improve food security in outlying regions, producers acquiring quota through the new NPP are intended to be self-sufficient as producer-vendors or producer-graders. They will need to market their own eggs in the region and manage their own off-grades/surpluses since it is not economical nor sustainable for commercial graders from other regions to pick up the eggs. The eggs are intended to remain in the region where they are produced and feed the community. With this in mind, producers in the new NPP must self-market a minimum of 75% of their egg production on a rolling average basis.
- 3) **Producer Experience in Egg Production** – Applicants to the revised NPP will be limited to Small-Lot Permit holders in outlying regions who have developed their own markets and are seeking increases in hen numbers beyond 399 to meet growing demand in their region. Some of these permit holders already have their own grading stations and are ready to expand. These producers understand what is required of an egg farmer, including complying with the animal

welfare and food safety programs delivered through BCEMB programs for Small Lot Permit holders.

This revised New Producer Program will encourage currently unregistered back-yard flock producers in out-lying regions to register with the Small Lot Permit program. Small Lot Permit holders are audited once per year to ensure that they are following Animal Care and Food Safety Protocols. Increased registration in the Small Lot Permit program will strengthen production practices, improve food security, and reduce food safety concerns, thereby supporting the goals of the BC Ministry of Agriculture, Food and Fisheries (BCMAFF).

Summary of Recommended Changes to the 2021 New Producer Program

The following changes to the 2021 New Producer Program, including special terms and conditions, are proposed:

- 1) The program has been designed to be flexible to meet the needs of the applicants and their local markets. The NPP allotment will be structured to allow for applicants to phase in their production according to their business plans, commencing with a maximum of 1,000 quota units and obtaining a maximum of 3,000 quota units at the end of three years. The timelines and milestones must be clearly outlined in the applicants' business plans. This phased-in approach will allow the successful applicants to build their markets without being overwhelmed or overextended by trying to self-market a significantly larger amount of eggs all at once, as compared to small lot production. Applicants will have the ability to remain as producer-vendors and sell at farm gate or farmers market or become producer-graders and expand their market potential.
- 2) In order for the NPP producer to maintain their initial quota allotment or receive an additional allotment they must self-market a minimum of 75% of their egg production on a rolling average basis over a 12 month period, in line with the program principles of self-sufficiency and regional food security.
 - a. The NPP producer will not receive further increases in NPP allotment until the 75% self-vending requirement is achieved.
 - b. If the 75% self-vending requirement is not met within the year, the allocation may be reduced to the number of hens where the minimum 75% self-vending requirement is achieved. If the 3 year timeline has not expired, the producer may request their allotment to be increased according to proven market demand.
 - c. If the 75% requirement is achieved in advance of the 12 month timeframe, the NPP producer may request their additional allotment sooner than indicated in their original business plan.
- 3) NPP producer-vendor applicants who request more than 1,000 hens total in their business plan must clearly outline how they are planning to market their production and indicate the number of eggs they are expecting to sell. They need to demonstrate that they are aware of the market limitations for producer-vendors or plan on becoming producer-graders within 3 years of commencing production. If a producer-vendor is marketing their un-graded eggs through unapproved market channels (eg. restaurants, retail) they will be deemed not in good standing with the Consolidated Order and penalties may apply that could include cancellation of their allotment.

- 4) NPP producers will not qualify for growth quota until:
 - they manage their maximum hen allotment as outlined in their business plans, marketing a minimum of 75% of their production on a rolling average basis over a 12 month period, or
 - they reach the maximum 3000 hen allotment through the NPP, or have been in production for more than three years - whichever comes first, and continue marketing a minimum of 75% of their production on a rolling average basis over a 12 month period.NPP Producers will be eligible for growth issuances; however, they will be required to show evidence of market demand prior to receiving growth quotas within their first 10 years of production. Their issuances may be held for a maximum of 3 years, as with all producers, while they are building their markets or creating additional barn space.

- 5) Producer-Graders will be responsible for their own natural overrun (off grades, surplus production in slow seasons) and overall surplus production. They may have access to the Industrial Products Pool once they reach a size whereby they are able to send a minimum of 720 dozen eggs (48 boxes) in one shipment to the Pool.

A detailed review of the recommended changes to the Consolidated Order is attached in Appendix B.

A summary of the conditions that will be included in the Draw Specific New Producer Program Policy are presented in Appendix C.

Program Roll-Out

Considering the challenges of managing egg supply and demand during the pandemic, the roll-out of the New Producer Program in 2021 will be cautious and responsible. Two applicants who are current Small-Lot Permit holders from any region outside of the Lower Mainland, will be drawn. They will have the opportunity to obtain up to 3,000 quota units, commencing with a maximum of 1,000 quota units in the first year of production as producer-vendors or producer-graders.

The BCEMB intends to draw two NPP applicants per year in subsequent years, commencing in 2023, allowing for an increase in the pool of eligible candidates who have gained experience in egg production and marketing in outlying regions by participating in the Small Lot Permit program. Starting the annual draws in 2023 will allow the first two NPP applicants to get started and identify any concerns with the new program prior to drawing additional names.

Clear Guidelines

Detailed draw specific New Producer Program Policies and Procedures documents will provide applicants with clear program guidelines including marketing requirements, timelines, expectations and consequences. The document will also clearly explain the definitions and differences between a producer-vendor and a producer-grader, and the benefits and limitations of each producer category. Applicants will clearly understand that they have three years to build their market and grow it into the 3,000 hen market if their business plan justifies the maximum NPP quota allotment. Once successfully achieving the minimum 75% self-vending requirement after the first three years, the new producer will be eligible for growth quota and be able to purchase quota on the quota exchange. The NPP producer

must maintain the minimum 75% vending requirement for the NPP quota to remain in good standing with the Consolidated Order, until the NPP quota becomes base quota. The NPP producer will have regular communications with the BCEMB so if they are struggling to sell their eggs during the first three years of production, their allotment can be temporarily decreased or held constant, to help improve their ability to succeed over the longer term.

Consultation Process and Results

Comprehensive stakeholder consultations were undertaken as per the BCEMB’s consultation plan (approved by BCFIRB) ensuring a transparent, inclusive, fair and accountable process. Stakeholder consultations were conducted over a 5 month period – from September 17, 2020 to February 11, 2021, commencing with an in-person meeting with the appellant on September 17 and the development of a survey. The consultation survey was finalized and disseminated electronically on September 21 via Survey Gizmo to a broad audience: all registered producers and small lot permit holders, all past small lot permit holders, all past new producer program applicants, graders/processor, and a link was posted on the website for the general public. Two ZOOM meetings were held with registered producers to provide updates on board programs and to answer any questions regarding the consultation process and survey. A third ZOOM meeting was held with small lot permit holders, past NPP applicants and other interested parties specifically to discuss the consultation, survey, and NPP in general. The on-line survey closed on October 21, 2020. In total, the survey was sent to 579 individuals and 138 completed surveys were received, resulting in a 24% response rate.

Small Lot	NPP Applicant	NPP Winner	Established Producer	New Entrant	Other	Total
26	50	11	31	15	5	138

Key findings from the survey:

- The majority of respondents (72%) indicated that producer-vendors should self-market a minimum of 75% of their production. An additional 8% of respondents indicated that producer vendors should self-market more than 75% of their production.
- 80% of respondents indicated that a producer-vendor’s minimum vending requirement can be determined on a rolling average basis. Additional comments received suggested that this percentage should be averaged over a year, or the lifetime of the flock.
- The majority of respondents (63%) indicated that producer-vendors should be able to market their production beyond their regions (no regional restrictions)
- The majority of respondents (81%) support flexibility for how NPP producer-vendors start up and scale their operations in that they are provided a timeframe to achieve the minimum self-marketing requirement.
- Respondents also provided several comments/suggestions throughout the survey.

A summary of survey results, including comments received from respondents, is found [here](#).

The BC Egg Producers Association (EPA) and the BC Egg Industry Advisory Committee (EIAC) reviewed the survey results and provided additional insights and feedback. Key issues were raised regarding the challenges for producer-vendors to self-market a minimum of 75% of their production if they were producing eggs from more than 1,000 hens, and the need to become producer-graders to market eggs from 3,000 hens (the maximum NPP allotment). The Board deliberated at length on the survey findings,

feedback from the EPA and EIAC, information from the preliminary legal review, and SAFETI principles, before considering recommendations for revisions to the producer-vendor requirements and to the NPP. A draft proposal outlining the recommended changes to producer-vendor requirements and the NPP was prepared and presented to the EPA and EIAC for review and feedback. Their feedback was carefully considered and incorporated into this proposal. This final document and proposed changes to the NPP and Consolidated Order is based on input from all stakeholders.

SAFETI Analysis

Strategic – The recommended changes to the NPP are strategic in that they support orderly marketing and are intended to improve food security in outlying regions of the province, as per BCMAFF and BCEMB goals. Eligible NPP applicants understand how to care for hens and are confident in their marketing abilities and their knowledge of local market needs. The new program is flexible enough to allow applicants to grow their markets over time rather than expanding too quickly, which may impact their ability to succeed.

The new NPP will also encourage back-yard producers in outlying regions to participate in the Small Lot Permit program thereby strengthening production practices, reducing food safety risks that could jeopardize the entire egg industry, and improve food security throughout the province.

Accountable – The proposed changes to the Consolidated Order are consistent and accountable to the NPMA and BC Egg Marketing Scheme. The 2021 New Producer Program assists with the Grow BC and Buy BC initiatives of BCMAFF by encouraging growth of BC products in communities and regions throughout the province that may currently be underserved.

The NPP has also been structured to ensure that applicants will be thoroughly vetted through the initial application and the rigorous application review and scoring process. Only applicants that have been vetted and identified as highly likely to succeed will proceed to the draw stage.

Fair - The 2021 New Producer Program will have clear program requirements and guidelines as explained in detail in the 2021 NPP Policy and Procedures documents. While the NPP strategically requires applicants to be Small Lot Permit holders who have completed at least one flock cycle of production under the permit, participation in the Small Lot Permit program itself is not limited.

All applicants will be treated with the same level of scrutiny under the 2021 New Producer Program Procedures. The applicants will know prior to applying to the new NPP, that they are required to maintain their marketing levels until their NPP quota is considered base quota, after which they will no longer be considered New Producers.

Effective - The effectiveness of the program amendments will be determined by the quality of applications and how well the selected applicants succeed. In addition, the PARP reports will indicate the additional production in the regions outside the Lower Mainland. The increases in producer numbers and production will be tracked from year-to-year, as well as any changes in Small Lot Permit registrations, and will be reported in the BCEMB's Public Accountability and Reporting Project (PARP) reports.

Transparent - The requirements for the 2021 New Producer Program will be clearly laid out in Part IV of the Consolidated Order as well as in the 2021 New Producer Program Policy. In addition, a 2021 New Producer Program Procedures document will be developed that outlines the step-by-step process for applications, assessments, notifications, monitoring and follow up. Program updates will be posted to the website and notification letters sent to applicants as required.

A transparent and comprehensive stakeholder consultation process was undertaken to guide the review and develop recommended changes to the New Producer Program and the Consolidated Order. As outlined in the Consultation Process and Results section on page 5, the Board commenced with a broad consultation that included the appellant, all current producers and small lot permit holders, all past small lot permit holders, all past new producer program applicants and a link on the website for the general public. After the results of the first consultation were reviewed, a second more focused consultation process was undertaken with the BC Egg Producers Association (EPA) and the BC Egg Industry Advisory Committee (EIAC). Feedback was obtained and a consultation proposal was drafted outlining recommended changes to the NPP and Consolidated Order. The draft consultation proposal was then presented to the EPA and EIAC for additional feedback. This final document and proposed changes to the NPP and Consolidated Order is based on input from all stakeholders.

Upon submitting this proposal to BCFIRB, it will be disseminated to all stakeholders and posted on the BCEMB public website.

Inclusive - The consultation process was inclusive as outlined in the section above (*Transparent*). While the revised NPP limits participation to Small Lot Permit holders located outside of the Lower Mainland, this approach meets BCEMB's strategic priorities. This may restrict participation from interested parties outside the Lower Mainland for the 2021 Program; however, if the program is successful, there will be opportunities in future years since any person can apply for a Small Lot Permit.

Conclusion

In closing, the BCEMB thanks BCFIRB for taking the time to review our request for approval for the recommended changes to the producer-vendor definition and Part IV – New Producer Program of the Consolidated Order. In addition, the BCEMB is requesting approval on the recommended changes to the New Producer Program policy and prior-approval for the 2021 New Producer Program Requirements.

Please do not hesitate to contact me should you have any questions.



Katie Lowe P.Ag.
Executive Director

APPENDIX A

The following section lists the many ways that Registered Producers can be defined and categorized.

Consolidated Order Definitions:

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

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

Registered Producer – means a Producer who is registered under the Scheme, holds quota and a licence. *Other information: While Registered Producers typically ship their eggs to a registered grading station, they may also self-market a portion of their production at farm gate.*

Producer-Grader – means a Registered Producer who grades their own production, has been issued a Grader licence by CFIA. *Other information: Producer-graders may also grade and market the production of other registered producers.*

Producer-Vendor – recommended definition on Page 1 of this document.

Other Information: Producer-vendors are intended to self-market a significant and meaningful portion of their own egg production without requiring the producer to own and operate a grading station. Producer-vendors do not market eggs from other farmers.

Summary of the different definitions and categories used during this consultation:

Established Producer – A Registered Producer who has been in production for more than 10 years

New Entrant – A Registered Producer who has commenced production within the last 10 years who obtained quota by means other than through the New Producer Program

Small Lot – A Producer holds a Permit with the BC Egg Marketing Board that permits them to keep or maintain up to 399 hens.

NPP Winner – A Registered Producer who has successfully entered the industry through a New Producer Program Draw

NPP Applicant – A Person who has applied for the New Producer Program from 2009 to present

Other – A Person who responded to the survey that does not meet any of the above category definitions. These could be graders/processors or responses received from the BCEMB's public website link.

APPENDIX B
Detailed List of Consolidated Order Changes

These changes to the NPP result in the following recommended changes to the Consolidated Order.

The 75% requirement should be removed from the definition of Producer-Vendor so the Consolidated Order definition matches the definition as stated in the BC Egg Marketing Scheme. The proposed amendment is underlined.

The current Consolidated Order definition is:

***"Producer-Vendor"** means a Producer who produces and Markets, offers for sale, sells, stores or transports a minimum of 75% of the Regulated Product produced by him or her, but does not process, Market, offer for sale, sell, store or transport the Regulated Product produced by any other Person.*

The definition in the Consolidated Order will be revised so that it is consistent with the definition in BC Egg Marketing Scheme, as follows:

***"producer-vendor"** means any grower who produces and markets, offers for sale, sells, stores or transports all or any portion of the regulated product grown by him but does not process, market, offer for sale, sell, store or transport the regulated product grown by any other person;*

- 1) Most of the remaining recommended changes are in Part IV – New Producer Program. The recommended changes provide the Board with the ability to restrict entry into the draw and impose special conditions for participation in the program. The special conditions are not specified within the orders. These conditions will be laid out in a New Producer Policy document that will be updated for each draw. The New Producers who succeed in each draw will be required to meet the requirements of the draw in which they entered.

A track-changes version of Part IV is attached. Here is a brief summary of the recommended changes.

- a. It is recommended that Section 1 be updated to specify the Board's authority to restrict participation in a program draw depending upon the class, region and mode of production.
- b. A new clause has been recommended that allows the Board to establish, impose and announce special conditions regarding participation in the program. In order to ensure that it is clear that these special conditions must be followed, any section in Part IV that states "applicable requirements under the Consolidated Order" has been updated to include "and the applicable New Producer Program draw."
- c. Recommendations to the essay component include a requirement for "how the applicant will conform to all applicable requirements under the Consolidated Order and the applicable New Producer Program." This has also been added to the Section 2 in the essay scoring session.
- d. It is recommended that "Section 5 – Wait List" be removed as we no longer have a need for a wait list.
- e. Some additions have been recommended Section 6 – Special Restrictions. These additions will ensure that the New Entrants will continue to be subject to the special conditions as identified for the applicable New Producer Program.

PART IV - NEW PRODUCER PROGRAM RULES

1. Application to Participate in the New Producer Program

- (1) The Board may from time to time announce on its website that a draw or draws will be conducted for the purpose of selecting a specified number of applicants ~~from each draw to be placed on a wait list~~ to become entrants in the New Producer Program. In such event, the announcement will remain on the Board's website for a period not less than 30 days before the expiry of the deadline for the submission of applications to participate in a draw.
- (2) The Board may, in its sole discretion, ~~restrict participation in a New Producer Program draw:~~
 - (a) ~~the Board may restrict participation in its sole discretion, select applicants for a New Producer Program quota allotment without using the formal draw process based on to applicants who will:~~
 - (i) ~~be actively engaged in production of, or from, a demonstrated need~~ specified class or classes or Regulated Product;
 - (ii) ~~engage in egg production within a region. Selected applicants would be required to follow~~ Region identified by the Board as warranting additional production capacity having regard to the interests of the same application process industry as a whole; and/or
 - (iii) ~~employ a specified mode of production or marketing of Regulated Product.~~
 - (b) ~~regular applicant~~ establish, impose and announce special terms, conditions and restrictions with respect to any New Producer Program Draw, including terms, conditions and restrictions governing continued participation in the New Producer Program, and/or the terms, conditions and restrictions regarding the allotment, purchase, suspension or cancellation of Layer Quota.
- (3) A Person may apply to participate in a New Producer Program draw only when the Board has announced on its website that a draw or draws will be conducted for the purpose of selecting an applicant to become an entrant in the New Producer Program, and within the deadline for the submission of applications to participate in a draw which shall not be less than 30 days from the date of the Board's announcement.
- (4) Applications to participate in a New Producer Program draw are made by filing with the program administrator:
 - (a) an application form, obtainable from the Board, duly completed by the applicant;
 - (b) a certified true copy of the applicant's birth certificate or other certified true copy of proof of age acceptable to the Board;
 - (c) a certified true copy of the applicant's Canadian passport, Canadian citizenship card, or Canadian permanent resident card;
 - (d) a certified true copy of the applicant's British Columbia driver's license or British Columbia identification card;
 - (e) a non-refundable application fee of \$750.00, payable to the "British Columbia Egg Marketing Board" by way of cheque;
 - (f) proof, in a form satisfactory to the Board, of the applicant's financial ability to establish an Independent Production Unit conforming to all applicable

- requirements under the Consolidated Order [and the applicable New Producer Program draw](#) for the production of eggs;
- (g) proof, in a form satisfactory to the Board, that the applicant has economically viable plans to sustain the production of eggs;
 - (h) proof, in a form satisfactory to the Board, that the applicant will be able to establish an Independent Production Unit conforming to all applicable requirements under the Consolidated Order [and the applicable New Producer Program draw](#) for the production of eggs within a time period acceptable to the Board;
 - (i) proof, in a form satisfactory to the Board, that the applicant's Independent Production Unit will be within economic access of a Grading Station Operator. This may include grading station sign-off or a plan to become a producer-vendor;
 - (j) proof, in a form satisfactory to the Board, that the applicant owns, or will own prior to the commencement of egg production, an Independent Production Unit, independent of any other supply managed production unit, conforming to all applicable requirements under the Consolidated Order [and the applicable New Producer Program draw](#);
 - (k) if applicable, [further](#) proof, in a form satisfactory to the Board, that the applicant meets the program requirements as determined by the Board.
 - (l) an essay communicating:
 - (i) why the applicant wishes to be actively engaged in egg production;
 - (ii) the applicant's past experience in, or knowledge of, farming in general and egg production in particular;
 - (iii) why it would be in the interests of the industry as a whole for the applicant to be actively engaged in egg production;
 - [\(iv\) how the applicant will conform to all applicable requirements under the Consolidated Order and the applicable New Producer Program draw.](#)
 - (m) a statutory declaration declaring:
 - (i) that the applicant understands, and agrees to be bound by and to comply with the terms and conditions of the New Producer Program as specified herein;
 - (ii) that the applicant does not object to the publication of the applicant's identity by the Board;
 - (iii) that the applicant owns, or will own prior to the commencement of egg production, an Independent Production Unit conforming to all applicable requirements under the Consolidated Order [and the applicable New Producer Program draw](#);
 - (iv) if applicable, [further details specifying](#) that the applicant meets the program requirements as determined by the Board
 - (v) that neither the applicant, nor the Spouse of the applicant, nor any coapplicant holds, or has 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.
 - (n) proof, in a form satisfactory to the Board, the demonstrated market need for the number of hens requested and the timeframe to be in production;
- (5) No Person may submit more than one application for any one draw, either directly, or indirectly as a partner or as an officer, director or shareholder of a corporate applicant. Spouses may submit a joint application, or they may each submit their own applications, but they may not submit a joint application and individual applications. If an applicant

applies for more than one draw and is successful in a draw, that applicant is immediately ineligible for all future and concurrent draws.

- (6) An applicant for a New Producer Program draw may be a partnership in which case each partner must qualify under subsection (8).
- (7) Where the Board has announced on its website that it will be conducting more than one draw because it has decided to restrict participation in one or more draws to any of the categories described in subsection 1(2), an applicant for a New Producer Program draw must specify on the application form (or in each application form, if the applicant is applying under more than one category) the draw in which the applicant seeks to participate. If an applicant applies under more than one category, the applicant must comply with all of the requirements hereunder for each application.
- (8) A Person seeking to participate in a New Producer Program draw must have the following qualifications:
 - (a) a genuine intention to be actively engaged in egg production from an Independent Production Unit conforming to all applicable requirements under the Consolidated Order [and the applicable New Producer Program draw](#) that is owned by the applicant, or will be owned by the applicant prior to the commencement of egg production;
 - (b) be a Canadian citizen, or permanent resident, and a permanent resident in the Province of British Columbia;
 - (c) be at least 19 years of age at the time of application; and
 - (d) 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 British Columbia, including Layer Quota, whether directly or indirectly, through any organization or entity.
 - (e) must be willing to produce 400 to 3000 hens, based on their demonstrated market needs.
 - (f) must be able to demonstrate financial ability to establish an Independent Production Unit conforming to all applicable requirements under the Consolidated Order [and the applicable New Producer Program draw](#) for the production of eggs.
- (9) An applicant will not be eligible to participate in a New Producer Program draw where:
 - (a) the applicant is in breach of Board Orders, or applicable legislation;
 - (b) the applicant has failed to provide the requisite information in the application form, or has made false statements in the application form;
 - (c) the applicant has failed to specify on the application form the draw in which the applicant seeks to participate, if the Board had announced on its website that it will be conducting more than one draw;
 - (d) the applicant does not qualify to participate in a draw having regard to the restrictions, if any, imposed by the Board pursuant to subsection 1(2);
 - (e) there have been changes in circumstances such that an applicant no longer qualifies to participate in a New Producer Program draw;
 - (f) there have been changes in legislation adversely affecting the New Producer Program; or
 - (g) the applicant's cheque for the application fee is returned NSF.

- (10) Applications to participate in a New Producer Program draw:
 - (a) are non-transferable, under any circumstances;
 - (b) are not available to be pledged as security; and
 - (c) must be mailed or sent by courier to the Board and marked “Attention: Program Administrator”, (applications received other than by mail will not be processed).

2. Determination of Eligibility

- (1) From the applications received, the Board will first make determinations concerning the ineligibility of applicants to participate in a New Producer Program draw by having regard to the technical requirements specified in section 1. For that purpose, the Board may, in its sole discretion, require an applicant to provide such supplemental documentation and information as the Board may deem necessary to make that determination. Failure to satisfy the technical requirements specified in section 1, or to provide any required supplemental documentation or information within the time specified by the Board, will result in immediate termination of the applicant’s participation under the program.
- (2) After having made the determinations described in subsection (1), the Board will then grade each of the remaining applications that have satisfied the technical requirements specified in section 1 as follows:
 - (a) the Board will award between 0 and 75 points 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.
 - (b) the Board will award between 0 and 25 points for an essay containing the following information:
 - (i) the applicant’s past experience in, or knowledge of, farming in general and egg production in particular, and an explanation of why the applicant wishes to be actively engaged in egg production; ~~and;~~
 - (ii) why the applicant’s involvement in egg production would be in the interests of the industry as a whole; ~~and~~
 - (iii) how the applicant will conform to all applicable requirements under the Consolidated Order and the applicable New Producer Program draw.
- (3) 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. Applications that have scored 75 or more will be eligible to participate in a New Producer Program draw.
- (4) The Board may appoint a review committee for the purposes of grading the applications as per subsection (2). The committee shall be chaired by the program administrator and be comprised of a minimum of three and a maximum of six well respected and knowledgeable representatives that may include:
 - (a) A Registered Producer that is not a Director of the BCEMB;
 - (b) A current NPP Registered Producer;
 - (c) A representative from the financial sector;
 - (d) A representative from the agri-business sector;
 - (e) A representative from the BC Egg Processors Council;
 - (f) An Egg Industry Advisory Committee Member; ~~and~~

- (g) A BCEMB Producer-Vendor.
- (5) After all qualifying applications have been reviewed, all applicants will receive formal notification from the Board regarding the status of their applications.
- (6) 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 a \$10,000 deposit.
- (7) Failure to make the said deposit within the time specified will result in immediate termination of the eligible applicant's participation under the program, in which event the applicant will not be permitted to participate in a New Producer Program draw. Any interest earned on this account will remain with the administration.

3. Conduct of Draw

- (1) Where an applicant is randomly selected by the Board under a New Producer Program draw, the applicant's name will be ~~placed on the applicable wait list in the order in which their name has been drawn, and the Board will publish the drawee's name~~ published on the Board's website for a minimum of 30 days.
- (2) The draw administrator will simultaneously inform all Grading Station Operators of the name and contact information of each successful applicant.
- (3) Following the conduct of the draw, the Board will return to each unsuccessful applicant the \$10,000.00 deposited by the unsuccessful applicant.
- (4) The Board may, in its sole discretion, 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.
- (a) ~~based~~ Based on the interview the Board may, in its sole discretion, determine a candidate does not meet all criteria and should be removed from the New Producer Program.

4. Entry in Program Wait List

- (1) ~~Positions on a wait list:~~
 - (a) ~~are non transferable, under any circumstances; and~~
 - (b) ~~are not available to be pledged as security.~~
- (2) ~~Persons on a wait list will have their name removed from the wait list where:~~
 - (a) ~~the person is in breach of the Consolidated Orders, or applicable legislation;~~
 - (b) ~~there have been changes in circumstances such that the person no longer qualifies under any of the provisions herein;~~
- (3) ~~Persons on a wait list are subject to any changes that might in future be made to the terms of the New Producer Program, including changes which might preclude their further participation under the Program.~~

~~5.~~ **Entry in Program**

- (1) When a person ~~on a wait list~~ is notified of their opportunity to start, the program administrator will simultaneously inform all Grading Station Operators of the name and contact information of each entrant.
- (2) If a person ~~on a wait list~~ is unable or unwilling to start when directed to do so by the Board, their further participation under the program will be immediately terminated.
- (3) Where an entrant has established an Independent Production Unit conforming to all applicable requirements under the Consolidated Order and the applicable New Producer Program draw within such period as the Board may determine in its sole discretion:
 - (a) that successful applicant will be issued between 400 and 3,000 units of Layer Quota units as determined through the application process; and
 - (b) the Board will return to that successful applicant the deposit of \$10,000.00.
- (4) Where an entrant has failed to establish an Independent Production Unit conforming to all applicable requirements under the Consolidated Order and the applicable New Producer Program draw within such period as the Board may determine in its sole discretion:
 - (a) the entrant's further participation under the program will be terminated; and
 - (b) the deposit of \$10,000.00 will be forfeited to the Board.

~~65.~~ **Special Terms, Conditions and Restrictions on Layer Quota Issued Under the Program**

- (1) Layer Quota issued under the New Producer Program may be held for production by the entrant subject to all special terms, conditions and restrictions imposed with respect to the applicable New Producer Program draw, and only for so long as the entrant:
 - (a) permits Board audits of the farm operation to ensure compliance with Board orders and all applicable legislation, including all terms and conditions of the New Producer Program;
 - (b) is in good standing with all applicable Board orders and all applicable legislation, including all terms and conditions of the New Producer Program;
 - (c) is actively engaged in egg production;
 - (d) continues to own an Independent Production Unit conforming to all applicable requirements under the Consolidated Order;
 - (e) continues to be actively engaged in the production type of, or from, the applicable class or classes or Regulated Product; within the applicable Region; and region in accordance with the applicable mode of production or marketing; as outlined in their original application and as made applicable under the New Producer Program draw;

failing which the Layer Quota so Issued shall thereupon be subject to immediate cancellation on notice by the Board to the entrant.

- (2) An entrant issued Layer Quota under the New Producer Program may only change production type or region upon Board approval;
 - 7(i) production of, or from, the applicable class or classes or Regulated Product;
 - (ii) the applicable Region; or
 - (iii) the applicable mode of production or marketing;upon the express, written approval of the Board.

6. Purchase or Acquisition of Additional Layer Quota

(1) Subject to any special terms, conditions and restrictions imposed under a New Producer Program draw regarding the allotment, purchase, suspension or cancellation of Layer Quota:

- (a) An entrant may purchase or acquire Layer Quota; and
- (2b) Entrants under the New Producer Program are eligible to receive general Issuances of new Layer Quota arising from an increase to the Province's allocation, and are subject to general adjustments or reductions of Layer Quota, and for that purpose, such receipts, adjustments or reductions shall be calculated against the Layer Quota then Issued to the entrant.

APPENDIX C
Detailed Components of a Draw Specific New Producer Program Policy

A 2021 New Producer Program Policy document will be developed to ensure clarity of the requirements of the New Producer Program, identify the special considerations and restrictions that must be followed, and ensure that applicants are fully aware of the application requirements. A new policy document will be developed for each iteration of the New Producer Program to ensure that the special requirements for each draw are clear.

The Policy will include:

1) The Applicant Restrictions:

- a. the number of applicants to be drawn
- b. the regions eligible for the draw and
- c. the requirements to be an eligible applicant

For 2021, based on Board discussion, this will be two applicants who are current Small-Lot Permit holders from any region outside of the Lower Mainland.

2) The special terms, conditions and restrictions governing continued participation in the New Producer Program:

- a. The NPP producer-vendor applicants must become a producer-grader within 3 years of commencing production if applying for the maximum 3,000 quota units. Failure to do so will result in suspension or cancellation of the layer quota.
- b. Production levels will be phased-in over time, according to the NPP's business plans.
 - i. The NPP may commence with a maximum of 1,000 quota units
 - ii. A maximum of 3,000 quota units may be obtained at the end of three years.
 - iii. The timeline and milestones must be clearly outlined in the business plan.
 - iv. Regardless of their business plan timelines, their allotment will not be increased until the minimum 75% vending requirement is met.
- c. NPP producers will not qualify for growth quota until:
 - i. they manage their maximum hen allotment as outlined in their business plans, marketing a minimum of 75% of their production on a rolling average basis over a 12 month period, or
 - ii. they reach the maximum 3000 hen allotment through the NPP, or have been in production for more than three years - whichever comes first, and continue marketing a minimum of 75% of their production on a rolling average basis over a 12 month period.

NPP Producers will be eligible for growth issuances; however, they will be required to show evidence of market demand prior to receiving growth quotas within their first 10 years of production. Their issuances may be held for a maximum of 3 years, as with all producers, while they are building their markets or creating additional barn space.
- d. Producer-Graders will be responsible for their own natural overrun (off grades, surplus production in slow seasons) and overall surplus production. They may have access to the Industrial Products Pool once they reach a size whereby they are able to send a minimum of 720 dozen eggs (48 boxes) in one shipment to the Pool.

A general New Producer Program 2021 Procedures document will be developed that outlines the procedures that will be followed for the New Producer Program, commencing with the draw

announcement, through to draw completion. This document will include detailed instructions for the NPP Application, including Business Plan requirements. The business plan requirements will include (from the applicant's perspective):

- Your timeline to develop your market and increase your production to your requested quota amount. This timeline must include:
 - How many hens you intend to start production with (no more than 1,000)
 - When you expect your sales to meet 75% of your starting amount
 - Dates for when you expect to be requesting your next installments of quota, how many units you will requesting at each date and when you expect to meet the 75% sales target for each installment
 - When you expect to be at your final requested amount (no more than 3,000 quota units).
- Please provide details on which markets you will be serving. This may include proof of your current sales and your plan for expanding your sales.
- If applicable, please provide detail on when you expect to obtain your grading licence from CFIA, including information on when you intend to construct the station, how long it will take and the steps required to obtain your licence.
- What will you do with eggs that you are unable to sell? Marketing surplus as well as off grades, inedible, etc.