

2021 New Producer Program Policy

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. This Policy document outlines the process, special requirements and limitations for applicants of the 2021 New Producer Program and provides greater detail on the application requirements.

The regulations that apply to the New Producer Program are set out in Part IV of the BCEMB Consolidated Order. Part IV provides the BCEMB with the authority to restrict participation in a New Producer Program draw to applicants who will:

- Be actively engaged in production of, or from, a specified class or classes of Regulated Product
- Engage in egg production within a Region identified by the Board as warranting additional production capacity, having regard to the interests of the industry as a whole and/or
- Employ a specified mode or production or marketing of Regulated Product.

In addition, Part IV provides the BCEMB with the authority to 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.

In 2021, the BCEMB will select two applicants by random draw from the pool of qualifying applications.

2021 Program Objectives

- 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.
- 2) Producer Self-Sufficiency
To improve food security in outlying regions, producers acquiring quota through the 2021 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 to 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 and Marketing
Applicants to the 2021 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.

2021 Draw Participation

The eligibility requirements for applicants are listed in Part IV of the 2017 BCEMB Consolidated Order. In addition to the general qualifications, participation for the 2021 New Producer Program draw will be restricted to those applicants who are current, active Small Lot Permit Holders from any Region in BC excluding the Lower Mainland.

An Active Small Lot Permit Holder is a Small Lot Permit Holder who has housed hens and sold their resulting production for the majority of the 365 days preceding the 2021 New Producer Program application deadline.

2021 Special Terms and Restrictions

There will be special terms and restrictions attached to the quota allocated for the 2021 New Producer Program. These restrictions will remain in place until the selected applicant has been producing their New Producer Program quota for a minimum of 10 full years.

- 1) The program has been designed to be flexible in order 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 must 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, which are all required to maintain CFIA certification, 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.

2021 New Producer Program Draw Timeline

ACTIVITY/TASK	DATE (2021)
Program Notification (website, SLP list, MAFF Poultry Specialist) and Applications start to be accepted	Day 0 Jul 6, 2021
Submission deadline	Day 60 Sep 7, 2021
Formal review process to be complete and notification letters sent	Day 75 Sep 20, 2021
Formal interviews conducted if required	Day 90 Oct 4, 2021
Request for performance deposit	Day 125 Nov 8, 2021
Performance deposit due	Day 155 Dec 8, 2021
Draw to be conducted – 2 applicants will be selected for the 2021 New Producer Program Draw	Day 170 Dec 22, 2021

*The above timeline is an approximate guideline that may be altered if there are appeals and/or other delays in the NPP draw process.

2021 New Producer Program 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. This Procedures document outlines the process that will be followed and the application guidelines for the 2021 New Producer Program. In 2021, the BCEMB will select two applicants by random draw from the pool of qualifying applications.

Application Time Line

Day 0	Notification of Random Draw for two New Entrants to be posted on the BCEMB website, sent to all current Small Lot Permit Holders and the BC Ministry of Agriculture, Food & Fisheries Poultry Specialist.
+ 15 days	Webinar to be held so applicants have the opportunity to ask questions. This will be recorded and posted to the website
+ 15 days	Second webinar to be held
+ 30 days	Applications are due by 4pm. BCEMB will not accept late applications, even if post marked prior to the application deadline.
+ 15 days	Formal review process to be completed and all applicants will be notified of their standing
+ 15 days	Board to conduct interviews of selected applicants if required
+ 35 days	Performance deposits requested
+ 30 days	Performance deposits due
+ 15 days	Draw conducted

Eligibility Requirements

Applicants for the 2021 New Producer Program must meet the following eligibility requirements:

1. Be a current and active Small Lot Permit holder. An Active Small Lot Permit Holder is a Small Lot Permit Holder who has housed hens and sold their resulting production for the majority of the 365 days preceding the 2021 New Producer Program application deadline.
2. Must be in production outside of the Lower Mainland as defined in Part I of the 2017 Consolidated Order.
3. Must have a detailed business plan that outlines the markets where the eggs will be sold. If the applicant is planning to sell at retail there must be a plan for the grading of the eggs.
4. Must have a genuine intention to be actively engaged in egg production from an Independent Production Unit that is owned by the applicant, or will be owned by the applicant prior to the commencement of egg production, conforming to all applicable requirements under the Consolidated Order and the 2021 New Producer Program draw.
5. Be a Canadian citizen, or a permanent resident, and a permanent resident in the Province of BC.
6. Be at least 19 years of age at the time of application.
7. 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.
8. Must be willing to produce 400 to 3,000 hens, based on demonstrated market needs.
9. Must be able to demonstrate financial ability to establish an Independent Production Unit conforming to all applicable requirements under the Consolidated Order and the 2021 New Producer Program draw for the production of eggs.

Draw Notification

The notification of the commencement of the 2021 New Producer Program Draw application process will be posted on the BCEMB website along with the 2021 NPP Policy and 2021 NPP Procedures documents. All current Small Lot Permit Holders will be notified by email. The BC Ministry of Agriculture, Food & Fisheries Poultry Specialist will also be notified so the program can be further disseminated.

Once the draw notification is posted, interested Small Lot Permit Holders will have 60 days to complete their applications and submit them to the Board.

Application Requirements

Interested applicants must submit:

1. A completed 2021 New Producer Program Application Form
2. The \$750 non-refundable application fee, payable to the “British Columbia Egg Marketing Board” by way of cheque.
3. A certified true copy of the applicant’s birth certificate or other certified true copy of proof of age acceptable to the Board.
4. A certified true copy of the applicant’s Canadian passport, Canadian citizenship card, or Canadian permanent resident card.
5. A certified true copy of the applicant’s British Columbia driver’s license or British Columbia identification card.
6. 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 2021 New Producer Program draw for the production of eggs.
 - Evidence of financial ability may be demonstrated by the inclusion of a 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.
 - The evidence of financial ability should be clearly linked to your economically viable business plan.
7. Proof, in a form satisfactory to the Board, that the applicant has economically viable plans to sustain the production of eggs. This should be submitted in the form of a detailed business plan that must include an Operations Management section that describes in detail how you will manage the day-to-day operations. It may also include:
 - 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 be 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).
 - Details on the markets that you will be serving. This may include proof of your current sales and your plan for expanding your sales.
 - If applicable, details on when you expect to obtain your grading licence from CFIA, including information on when you intend to construct the grading station, how long it will take, and the steps required to obtain your licence.
 - Any vulnerabilities or challenges you foresee in your business plan, and how you will address and resolve them.

- A plan for what you will do with eggs that you are unable to sell including marketing surplus as well as off grades, inedible, etc.
8. 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 2021 New Producer Program draw for the production of eggs within a time period acceptable to the Board.
 - This may include construction plans and/or quotes.
 9. Proof, in a form satisfactory to the Board, that the applicant will be able to establish a Grading Station conforming to all applicable CFIA requirements within three years of commencing egg production, if the marketing plan includes selling eggs to markets that require eggs to be graded such as restaurants and retail.
 - This may include construction plans or quotes with additional information that provides clarity to the committee that the applicant has an understanding of the process for obtaining a grading station licence.
 10. 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 2021 New Producer Program draw.
 - This may include land title documents or real estate listings from the region in which you plan to purchase land.
 11. Proof, in a form satisfactory to the Board, that the applicant is a current and active Small Lot Permit Holder.
 - This may include your Small Lot Permit number and a record of sales.
 12. 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.
 - This may include existing and new market opportunities supported by letters from customers and/or the community.
 13. An essay communicating:
 - Why the applicant wishes to be actively engaged in egg production;
 - The applicant's past experience in, or knowledge of, farming in general and egg production in particular;
 - Why it would be in the interests of the industry as a whole for the applicant to be actively engaged in egg production;
 14. A statutory declaration declaring:
 - That the applicant understands, and agrees to be bound by and to comply with the terms and conditions of the New Producer Program, including the Special Terms and Restrictions as outlined in the 2021 New Producer Program Policy.
 - That the applicant does not object to the publication of the applicant's identity by the Board.
 - 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 2021 New Producer Program draw.
 - That the applicant is a current and active Small Lot Permit Holder.
 - That neither the applicant, nor the Spouse of the applicant, nor any co-applicant holds, or has held at any time, any legal or beneficial interest in quota or any similar transferable production right issued by a supply management commodity board or

commission in Canada, including Layer Quota, whether directly or indirectly, through any organization or entity.

Certified True Copy – is a photocopy of a document that has been certified by a lawyer or a notary public. Each document that denotes “Certified True Copy” must be certified. Please ensure that you review your application before leaving the lawyer or notary public to verify that all required documents are signed.

Application Submission

Completed applications must be submitted to the Board office prior to 4:00 pm on the due date. Please note that applications 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). All applications will be date stamped upon receipt, given a unique application number and recorded in an Application Log. The application will then be reviewed by the Program Administrator to ensure that it contains all of the required documentation. Please note that the Program Administrator will not assess the merits of the application and will not notify applicants of missing information prior to the application deadline.

Any application that is missing documentation or where the applicant’s application fee was returned as NSF will be deemed an incomplete application. The applicant will be notified in writing after the application deadline that their application was withdrawn from the program since it was deemed to be incomplete. Specific details will be provided to the applicant at the time of notification.

Any and all applications received after the advertised program deadline, irrespective of the post-mark date 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 by the advertised program deadline.

All complete applications that were submitted in advance of the submission deadline will be provided to the NPP Review Committee for assessment.

Application Assessment

All complete applications will be assessed by the NPP Review Committee. The NPP Review Committee will be comprised of a minimum of three and a maximum of six well-respected and knowledgeable industry representatives that may include:

- A Registered Producer that is not a Director of the BCEMB
- A current NPP Registered Producer
- A representative from the financial sector
- A representative from the agri-business sector
- A representative from the BC Egg Processors Council
- An Egg Industry Advisory Committee member
- A BCEMB Producer-Vendor

The NPP Review Committee will assess each application and grade it as follows:

- 1) The committee 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 and how the applicant will conform to all applicable requirements under the Consolidated Order and the

2021 New Producer Program. This includes how many hens the applicant would like to start with and how the applicant intends to increase their production and marketing through to year three and a maximum of 3,000 hens, as well as how and when the applicant will construct the grading station.

- i. The application must score a minimum of 50 out of 75 points for the business plan. Any application scoring less than 50 points will not be considered further and will be deemed non-qualifying.
- 2) The committee will award between 0 and 25 points for an essay containing the following information:
 - a. Why the applicant wishes to be actively engaged in egg production
 - b. The applicant's past experience in, or knowledge of, farming in general and egg production in particular
 - c. Why it would be in the interests of the industry as a whole for the applicant to be actively engaged in egg production;
 - i. The applicant must score a minimum of 15 out of 25 points for the essay. Any application scoring less than 15 points will not be considered further and will be deemed non-qualifying.

Each NPP Review Committee member will score each application individually. The final points for each component of each application will be determined by calculating the average of the points from all committee members. The average points for each component will be added to determine the final score out of 100 for each application. In addition to meeting the points requirements for each component, each application must score a minimum of 75 out of 100 points total.

Any application scoring less than 75 points will not be considered further and will be deemed non-qualifying.

All applicants who meet the minimum points requirements (50 out of 75 points for the business plan, 15 out of 25 points for the essay, and a total of 75 out of 100 points) will be deemed qualifying applicants and are eligible to move on to the next step in the process.

Upon completion of the review process, all applicants will receive written notice of their application status and final score. Each non-qualifying applicant will receive a letter that provides rationale for why their application did not meet the required minimum score. Non-qualifying applicants will not be provided with the opportunity to submit additional information.

At this time, the Board may deem it appropriate to conduct interviews with qualifying applicants to confirm that they meet the program requirements. These interviews will be scheduled as soon as practically possible. If, after the interview, the Board deems the applicant non-qualifying, they will receive a written notice clearly stating why they are being removed from the qualifying applicant list.

After the interviews are conducted, the Board will approve the final list of qualifying applicants for the performance deposit request.

If there are no qualifying applicants, a draw will not be held.

Performance Deposit

Thirty days after the application scores are sent to the qualifying and non-qualifying applicants, all qualifying applicants will be notified in writing that they are required to submit their \$10,000 performance deposit. Each qualifying applicant will have 30 days after notification to submit their deposit. If the 30 day deadline falls on a weekend, the qualifying applicants will be given until 4:00pm the next business day.

The performance deposit has been established to minimize the risk of frivolous applications; and for applicants to demonstrate their commitment to establishing a sustainable independent egg production unit.

The Program Administrator will not accept any performance deposits after the deadline has expired. Performance deposits received after the deadline shall be returned to the applicant with a letter stating the applicant did not meet the deadline for submission and has been excluded from any further consideration.

Should a qualifying applicant not provide a performance deposit, the Program Administrator shall notify the applicant in writing that a performance deposit was not received by the deadline and the applicant has been excluded from any further consideration.

The Program Administrator shall provide the BCEMB with the cheques for the Performance Deposit. These cheques will be deposited into BCEMB's general account. Should the cheque be returned to the BCEMB as NSF, the Program Administrator shall return the submission to the applicant with a letter stating the applicant's performance deposit cheque was returned as NSF and the applicant has been excluded from any further consideration.

The Board will approve the final list of qualifying applicants whose performance deposits have successfully been deposited into the BCEMB accounts. This will be the list of applicants who will be entered into the random draw.

Random Draw

All qualifying applicants who have successfully submitted their performance deposit by the deadline will be entered into the random draw. The random draw will be held approximately one week after the performance deposit deadline. All qualifying applicants will be invited to attend the random draw which may be held in-person or by video-conference, depending on the provincial orders that are in place at that time.

The draw will be conducted by the Board's auditor. The auditor will ensure that all qualifying applicants are placed into the draw and that the draw is held in a fair manner. For the 2021 New Producer Program draw, two applicants will be drawn. The drawn applicants will be the Selected Applicants for the 2021 New Producer Program draw.

After the draw is held, the Performance Deposits will be returned to all non-selected applicants. The selected applicants will have their Performance Deposits returned upon issuance of their New Producer Program Quota and Producer licence which occurs the day of placement of their first flock.

Failure of a selected applicant to place their flock within a reasonable timeframe, as determined by their business plan, will result in forfeiture of their opportunity for New Producer Program Quota, forfeiture of their Performance Deposit, and removal from the program.

Reporting Requirements

The Program Administrator will be responsible for ensuring that the following reporting is completed in a timely manner:

- 1) Throughout the application process, the Board will receive regular reports at the scheduled board meetings regarding the number of applications received (complete and incomplete) as well as a summary of the frequently asked questions from applicants and any concerns that have been raised.
- 2) A summary of applications will be posted on the BCEMB website and provided to the Board within one week of the application deadline. This will include the total number of complete and incomplete applications by region.
- 3) After the review committee has met, the Board will receive a detailed report on the applicants, their scores and the reasons why non-qualifying applicants did not qualify.
- 4) The Board will approve the list of qualifying applicants prior to the performance deposit request.
- 5) A summary of qualifying and non-qualifying applications will be posted on the BCEMB website and provided to the Board within one week of the application review completion.
- 6) After the performance deposits deadline has passed, the Board will review for approval the final list of qualifying applicants whose performance deposits were received and successfully deposited.
- 7) A final report will be completed within 30 days of the random draw summarizing the process, including any concerns that arose and recommendations for improvement on the process.

Program Administration

The BCEMB shall appoint a NPP Program Administrator to implement the NPP. The Program Administrator will be responsible for the following:

- Ensure the NPP procedures are followed as outlined in this document.
- Complete all reports and recommendations as outlined in the procedures document.
- Receive applications and screen all applications to determine if they meet the eligibility requirements.
- Respond to and manage all correspondence and enquiries associated with the delivery of the NPP. The Program Administrator(s) 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.
- Recommend to the BCEMB nominees for a NPP Review Committee.
- Administer the NPP Review Committee and provide support and oversight of the conduct of the Committee members in their application of 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.

Conflict of Interest

The Program Administrator, Review Committee and Board are bound by and shall adhere to the BCEMB Conflict of Interest Rules as outlined in the BCEMB Policy Manual.