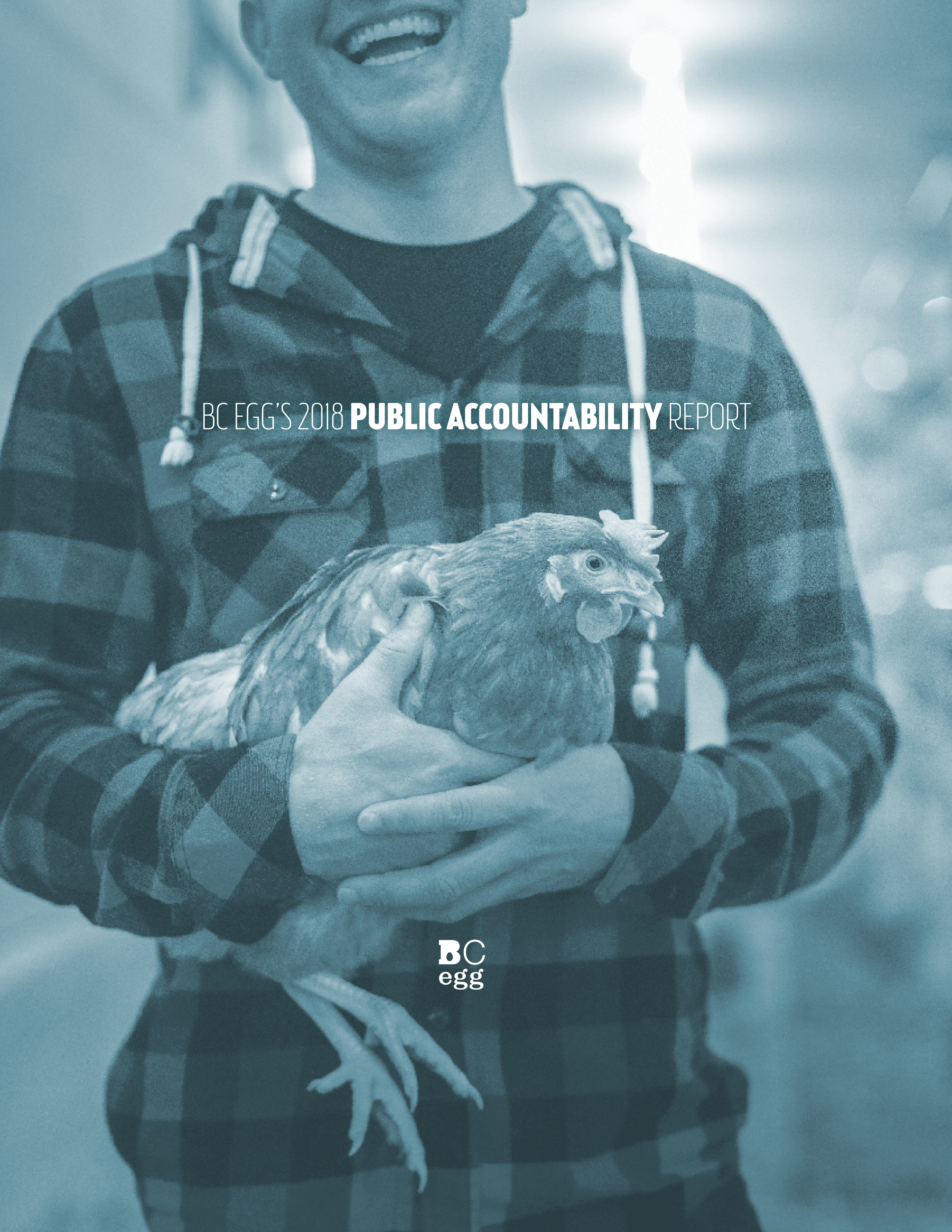

BC EGG'S 2018 **PUBLIC ACCOUNTABILITY** REPORT

BC egg

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INDUSTRY **PERFORMANCE** TARGETS

BC Egg's long-term vision and goals for the Table Egg Industry are outlined in our 2016-2020 Strategic Plan. In 2019, BC Egg will be undergoing the strategic planning process which will update our long-term vision and goals for 2020-2025. From our 2016-2020 strategic plan, our vision is *a sustainable and growing BC egg community that meets the values of consumers while being socially and environmentally responsible*. We will work towards this vision through our four strategic imperatives, as measured through our Key Performance Measures. These are:

1) More powerfully tell our story to consumers as measured by the percentage increase in BC consumers who trust BC egg farmers. Our goal was to increase the numbers of consumers who trust BC egg farmers by 4% - to be measured in the 2019 Usage and Attitudes study conducted by EFC.

   Throughout the last few years, BC Egg staff and Board members have attended a number of conferences that highlight the need for greater public trust in their food products. Research conducted by a number of groups, including the Canadian Centre for Food Integrity, has found that transparency leads to trust and farmers are generally trusted by consumers. However, in BC, the level of trust for egg farmers is much lower than the national average (41% in BC vs. 52% nationally).

   In response, BC Egg has developed a robust marketing plan aimed at introducing egg farmers to the consumer through a variety of programs including meet the farmer events, videos and public outreach such as the PNE and the Abbotsford Agrifair.

   The results from the 2019 U&A are not available yet. Our final measure will be included in the 2020 PARP report.

2) Take leadership in setting standards and ensuring compliance as measured by the number of producers who are 100% compliant within all audit parameters, including an average industry Start-Clean Stay-Clean and Animal Care Program score of 97% or better.

   As of January 2019, all registered layer producers in BC were 100% compliant in all programs. Our average scores for the Start-Clean Stay-Clean and Animal Care Program were 99.98% and 99.58% respectively.

   In June of 2019, BC Egg will be implementing a specialty audit program, which has been under development for the last two years, through cooperation between BC Egg and the BC Egg Producers Association. A set of minimum standards for free-range production were created that include a minimum number of days and hours where access to the range must be provided.

   A third-party auditor will be completing the audits in conjunction with EFC's Animal Care Program Audit and each free-range producer will be audited on an annual basis.

3) Earn greater trust with stakeholders as measured by increasing the number of people who think BC Egg is a reliable information source on egg farming by 5% by April 2019 as measured in the 2019 Usage and Attitudes study conducted by EFC.

   EFC's U&A study also looks at who the consumer goes to for reliable information. The 2018 study showed that BC Egg is lower than the national average by 20% when it comes to being considered a reliable source of information by consumers. In fact, BC Egg is seen as only slightly more reliable than animal rights groups.

   BC Egg's 2019 marketing plan includes using social media, point-of-purchase information, and other public outreach initiatives to increase the number of consumers who think BC Egg is a reliable source of information.

   The results from the 2019 U&A study are not available yet; our final measure will be included in the 2020 PARP report.

4) Sustain our effective supply management model by ensuring that BC residents are supplied with fresh, local, BC eggs by maintaining a quota utilization rate of 99.8% or better.

   BC Egg remains committed to filling the BC market as much as possible. With the current growth the industry has seen, as well as the uncertainty of the transition out of conventional housing, it has been difficult to achieve a quota utilization rate close to 100%.

   The industry has experienced 12 years of growth in egg consumption, resulting in an increase in production of over 20% in the last six years through growth allocations from EFC. When an increase is received from EFC, it can take up to two years for all producers to be able to place the hens. This makes it difficult to keep up with growth unless producers are already planning for it.

   Producers across Canada have not been allowed to renovate or retool conventional systems since 2015. As producers reach their barn capacity, they must choose which system to build (enriched, free run, free range or organic). This is dependent upon current grader (consumer) needs and future needs. For the last few years, there has been a fair bit of uncertainty in the industry as to whether or not enriched systems would be acceptable long term. At times, the market has been oversupplied with specialty egg types. Due to market uncertainties, a number of producers have chosen to postpone their conversion plans until more clear direction was received.

   At a national level, the allocation process has been updated with more forward-looking estimates as the industry has been unable to keep up with market demand. The Quota Allocation Calculation (QAC) was revised to include a projection for the following year plus an additional year of population growth. For example, the 2019 national allocation was based on the consumption data from 2017 and 2018 (year-end projected) plus the projected consumption in 2019 and the estimated population growth for 2020.

In addition to the larger goals listed above, BC egg has been developing a vision for the future of egg production and regional food sustainability throughout the province. In order to determine where we would like to be, we first need to determine where we are now. To that extent, we have commenced research on the regional needs of the province in terms of egg production, egg sales and consumer preferences within each region. BC Egg will be using this information to determine which regions need additional production, what types of production are needed, and the most effective way of getting the production to that region. With the lens on possible future needs, BC Egg is requesting a modification to the New Producer Program that provides more flexibility on farm size for the initial quota allotment.

BC Egg's current performance metrics include:

1) Maintain a total registered producer base of no fewer than 125 registered producers.

2) Maintain 20% or more of our total registered producers on Vancouver Island and in the Interior (# of producers, not total quota holdings). (Subject to change based on regional research study.)

3) Reduce the number of hens in conventional production systems by 5% per year to meet the 2032 Codes of Practice deadline.

At a national level, BC Egg is working on a number of key initiatives to strengthen the industry that focus on affecting change over time. This includes:

1) National Approach to Producer Pricing
   BC Egg is working with the provinces and territory to implement a national approach to producer pricing. Currently, EFC provides each province with a conventional cost of production (COP) for that province. That COP is used as the basis for the producer price. With the addition of an enriched COP, the provinces are required to work together on an implementation method that would ensure a smooth transition to enriched pricing. The enriched pricing mechanism should be fully implemented by the end of 2019, ensuring that all producers in Canada are paid according to their COP for both conventional and enriched production.

2) Specialty Industrial Products Program
   BC Egg is working with EFC and the provincial graders to develop a specialty industrial products program that would enable the processor to request specialty production types in a manner that would require the processor to pay a specified specialty premium on that production type. This would ensure that producers are paid for the production type they are producing and additional demands are not placed on the Industrial Products Pool Fund.

3) Maintenance of Our Share of the National Allocation
   BC Egg does not have enough quota compared to BC's population numbers and market demand and therefore cannot produce enough eggs to meet its market needs. The QAC recognizes that certain provinces are short on quota and it includes a mechanism that directs more quota to short provinces when national allocations are approved. Over multiple future allocations BC may no longer be a short province; however, in the interim, BC will continue to rely on imports from other provinces for a portion of our market demand.

4) Updates and Amendments to the Federal Provincial Agreement
   BC Egg is working with EFC on the re-development of the Federal Provincial Agreement (FPA). BCFIRB has been included in these discussions and will continue to be informed on any progress.

GOVERNANCE

BOARD GOVERNANCE – GENERAL

% Score of Good Governance Tools in Place

Board composition and approved board election rules

The Board composition and approved Election Rules and Procedures can be found posted on our website ***(Click here)***. BC Egg is currently conducting consultations as part of the Election Rule Review required for BCFIRB approval by December 1, 2019.

Board responsibilities are clearly defined with job descriptions

Board responsibilities are clearly defined as part of the Governance Manual, pages 6 to 10 and 13 to 17, which is posted to our website ***(Click here)***.

Director orientation in place – legal, regulatory and public policy basis of governance; principles of accountability, transparency and independence

At the beginning of each year, Egg Farmers of Canada conducts an Industry Orientation Session. The session is a one-day event in Ottawa that covers topics such as:

- Overview of industry legislation/governance/roles
- Industry programs
- Production allocation

As per page 8 of the Governance Manual, which is posted to our website ***(Click here)***, all new board members are required to attend this event.

Training and professional development plans and programs in place for Board and staff

In both the Governance Manual, page 8, which is posted to our website ***(Click here)***, and the BC Egg Employee Handbook, it is stated that Board and staff members are highly encouraged to conduct yearly training and professional development.

BC Egg Directors and staff attend national and international conferences to ensure we maintain a global outlook for industry. Many trends start in Europe, move to the US and then into Canada. Our goal is to remain knowledgeable of where the industry is heading. In 2018, Directors and staff attended three international conferences including the International Egg Commission Conference, Urner Barry, and United Egg Producers Conference. Directors and staff also attended national conferences including the Canadian Poultry and Egg Processors conference, Canadian Centre for Food Integrity Conference, and the Western Poultry Conference. Directors and staff present relevant findings from conferences and out-of-province meetings at board meetings and prepare reports to be shared with BC producers through the producer portal on the BC Egg website.

Training and professional development on director responsibilities, mandate and fiduciary duties, role of officers, ethics, confidentiality, privacy, conflict of interest and recusal policies and governance best practices

This information is all included in the Governance Manual, pages 6 to 12, which is posted to our website ***(Click here)***.

Performance expectations & evaluations – annual board and director evaluation: board and director effectiveness.
The Governance Manual, page 8, which is posted to our website ***(Click here)***, requires that the Board conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The completed survey results are presented at the last meeting before the AGM.

Code of ethics/conduct
The Code of ethics/conduct, page 7 and 11 to 12, is included in the Governance Manual, which is posted to our website ***(Click here)***.

Strategic plan
BC Egg contracted Junxion Strategy in 2019 to facilitate and support the development of BC Egg's strategic plan. The project will engage the staff, Board of Directors, and other stakeholders across the industry to develop a new strategic plan that will outline BC Egg's priorities for the next three to five years,(2020-2025). The current Strategic Plan can be found on our website ***(Click here)***.

Annual report
The Annual Report is presented to the industry at the AGM and uploaded to our website.
Past reports can also be found on our website ***(Click here)***.

Succession planning/plan for staff and members, as applicable or appropriate
Succession planning is included on page 9 of the Governance Manual, which is posted to our website ***(Click here)***.

Communications strategies with industry stakeholders, including crisis management
BC Egg regularly communicates with industry stakeholders through a monthly e-newsletter, called the Scrambler, and an ad hoc e-newsletter, called the Fast Fry. Fast Frys are organized into three categories to assist producers in understanding the urgency. The categories are Urgent (Immediate action is required. We use the Urgent categorization for changes to biosecurity levels, AFX hiring alerts, AI outbreaks etc.), Important (Need-to-know information. We use the Important categorization for disease notifications (except AI), Start-Clean Stay-Clean or ACP updates etc.), and Regular (everything else such as conferences, workshops, etc.). BC Egg also has a texting service that sends a text message to every cell phone number programmed in the system. It is used when immediate notification is required. BC Egg has also drafted a Crisis Management Policy.

Consolidated orders and other policies published and up to date
The Consolidated Orders and updates are included on our website ***(Click here)***.
The Resource section of our website also includes up-to-date policies.

Organizational governance controls up-to-date and accessible
BC Egg has created the BC Egg Policy Manual, which includes all policies, guidelines, standards, tools, and supporting documents required by BC Egg. The Policy Manual is reviewed annually. BC Egg is also in the process of ensuring all pertinent documents have been uploaded to the producer-only website.

FINANCIAL RESPONSIBILITY AND ACCOUNTABILITY

Audited annual financial statements, presented in annual reports and at annual general meetings

Each year management works with the appointed auditors to prepare the financial statements for the review and approval of the Audit and Finance Committee and Board of Directors. Once approved, the audited financial statements are included in the annual report and e-mailed to producers within 21 days of the Annual General Meeting.

Financial statements are presented at both the Producer-Only and Annual General Meetings.

Auditors appointed in accordance with Scheme requirements

As per section 18.6 of the Scheme, each year at the Annual General Meeting, the Chair of the Audit and Finance Committee will put forward a motion, to be ratified by producers, for the appointment of the auditors for the next fiscal year. The decision is recorded in the BC Egg meeting minutes published on the producer-only website.

Approved commodity board members remuneration and expense policy consistent with legislation and relevant policies

As per section 18.5 (4) of the Scheme, changes in remuneration for board members is brought forward as a motion by the Egg Producers Association at the Producer-Only meeting for the producers to ratify and the decision is recorded in the BCEPA meeting minutes published on the producer-only website.

% Score of Financial and Policy Controls in Place

Internal controls and policy checklist defined, in place and published

BC Egg has the following tools to communicate internal controls and policies with staff and stakeholders:

- Authority Matrix – summarizes the authority and responsibilities assigned for daily management to the Board of Directors, management and support staff. The auditors, Audit and Finance Committee, and Board of Directors review this document annually.
- BC Egg Fiscal Policies and Procedures – clarifies roles and responsibilities for each employee and protects the assets of BC Egg. It acts as the framework for financial decision-making and helps to monitor financial activities as well as enhances the operating standards. The auditors, Audit and Finance Committee, and Board of Directors review this document annually.

Evidence that the Board engaged senior staff in annual budget development and approval

BC Egg's budget process begins in late August. The Board of Directors review key budget items presented by management at the October/November Board meeting. They will advise management whether they believe management's assumptions are correct. The Audit and Finance Committee will review and recommend the budget and the yearly levy amount to the Board of Directors at the November Audit and Finance committee meeting. The Board will do a final review of the entire budget and the levy recommendation at the December Board of Directors meeting and will approve the budget and levy rate for the following year. The Board's review is recorded in the BC Egg meeting minutes published on both the producer-only and consumer websites.

Accounting practices that are in accordance with legislation, regulations, published standards and stakeholder expectations of accountability and transparency

The accounting procedures used by BC Egg are done in accordance with the Canadian accounting Standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook – Accounting which are part of Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards. BC Egg uses the accrual basis of accounting for expenses and revenue. This accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods, such as week, period or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to the date of receipt or payment of cash.

All financial policies are implemented after being reviewed and approved by both the Audit and Finance Committee and Board of Directors and are subject to periodic revision, updates, supplements or termination by the organization. Any changes or additional policies will be issued and communicated as needed.

Establishing and maintaining appropriate financial accountabilities with producer associations and other organizations that may receive funding from boards to carry out delegated responsibilities under the Natural Products Marketing Act and the schemes. This includes evidence that the Board, in its budget approval process, has satisfied itself that any producer association expenses the board funds are legally authorized and the expenditures are consistent with sound marketing policy.
BC Egg has a memorandum of understanding with the BC Egg Producers Association for funding. The BCEPA reports quarterly financial statements and supporting bank balance to the Board as well as their yearly budget request, which is submitted to the Audit and Finance Committee and Board of Directors as part of the budget review. The Chair of the BCEPA provides a year-in-review to the Board of Directors at the September/October board meeting.

STAKEHOLDERS / PRODUCER CONSULTATION AND INVOLVEMENT

Stakeholder experience with board operations, processes and policies and communications

Each spring, BC Egg conducts a Producer Satisfaction Survey that is sent to all farm owners and managers. The survey includes rating department performance, performance in public trust program and values, and key areas for strengthening the industry.

This year's Producer Satisfaction Survey will be conducted late spring/summer 2019.

Stakeholder feedback actioned where appropriate (e.g., specific initiatives or new policy or program development)

(answered below)

Consultation with stakeholders, as deemed appropriate and meaningful by the boards, to address sound marketing and public interest expectations including emerging social, environmental, production and demand issues in BC.

When creating or updating key board programs, policies, procedures, and initiatives, BC Egg includes multiple steps in the process to consult with stakeholders and ensure stakeholder feedback is incorporated into the final policy/program documents. At multiple points during the process, draft documents and concepts are brought to the Egg Industry Advisory Committee, Production Management Committee, and BC Egg Producers Association for feedback.

Extensive stakeholder consultations are also conducted to address sound marketing policies and public expectations. With the allocation draft policies (including the New Producer Program, Temporary Allotment Program, Reserve Policy, and Quota Allocation Policy), the stakeholder consultation process included:

1. Several stakeholder meetings and surveys in 2018 including the allocation methodology survey, New Producer Program survey, Industry roundtable, producer meetings etc.
2. In 2019, staff presented the draft policies to the Egg Industry Advisory Committee, Production Management Committee, and BC Egg Producers Association meetings for feedback.
3. The draft policies were sent to stakeholders via Fast Fry (e-newsletter).

4. A producer meeting was held following the BC Egg AGM to offer a chance for producers to obtain a greater understanding of the documents and offer any feedback to the Board and staff.
5. A consultative survey was sent to all stakeholders (producers, graders, processors, allied trades, and the public) with a 30-day deadline to obtain further feedback.

During this process, BC Egg also consults with other supply chain members and provincial agencies, as required, to ensure all avenues and concepts have been reviewed. BC Egg also confers with BCFIRB to ensure it is meeting requirements.

SOUND DECISION MAKING / SOUND MARKETING POLICY

Appeals

In 2018, there were no appeals made to BCFIRB.

Demonstrated transparency on significant or major commodity board decisions

For all major Board decisions, BC Egg clearly documents the rationale behind the decision and reasons for change. The process includes providing the Board with:

- an explanation of the topic/issue/concern,
- a clear objective or goal,
- the background information required for decision making; and
- analysis of options and potential outcomes.

Next, additional information, legal opinions, or industry feedback is obtained, the background information is updated to provide the Board with fulsome details to make the decision. BC Egg creates a final document to notify producers about the change. The document includes:

- an explanation of the change,
- why the change was made,
- the evidence considered; and
- the application of the SAFETI principles.

The document is distributed to producers via e-newsletter and discussed at the EPA, EIAC, and PMC meetings.

The decision sheets and Board of Director meeting minutes are available on the producer-only website so producers have a full understanding of the items discussed and the rationale. For other major decisions, such as the Quota Assessment Tools Review, the consultation documents and BCFIRB submissions are posted on the consumer website and forwarded to producers through our newsletters.

Meeting quorum and other decision-making governance requirements.

This information is included on page 7 of the Governance Manual, which is posted to our website ***(Click here)***.

Prompt timing, delivery and disclosure of commodity board decisions.

Board minutes containing Board decisions, are made available on our website once they have been finalized and signed ***(Click here)***. Depending on the topic, Board decisions are sent by Scrambler or Fast Fry if pertaining to the entire industry. If pertaining to a particular producer or organization, a letter is promptly drafted, approved by the Board, and sent by BC Egg, notifying the producer of Board decisions.

Copies of all minutes, orders, reports, rules and regulation of every commodity board shall be forwarded as they are made or amended, to BCFIRB (as required by regulation).

Once final documents have been confirmed and signed, they are promptly sent to BCFIRB.

QUOTA MANAGEMENT AND MOVEMENT

GLOSSARY

Small Farm	Quota holding 6,137 or less
Medium Farm	Quota holdings between 6,138 and 27,302
Large Farm	Quota holdings 27,303 or higher
MRAP	Market Responsive Allocation Program. Producers who were issued quota by BCEMB after 2005 specialty review at 5,000 quota units
NPP	Producers who won the New Producer Program Draw 2010 or later at 3,000 quota units
Succession	Producers who transferred their quota to a child (or children)
New Entrant	Producers who purchased initial quota in January 1, 2009 or later
Established	Producers who purchased quota December 31, 2008 or earlier

ACCORDANCE OF QUOTA MANAGEMENT

Quota is managed in accordance with legislation, regulations, agreements and FIRB decisions and directions. In 2018, there were no quota-related appeals to BCFIRB.

In the past year, BCFIRB has issued quota-related direction on the following items:

- Allocation: For the 2018 quota allocation, final direction was provided on August 28, 2018 ***(Click here)***.
  Additional direction from BCFIRB was also provided on June 14, 2018 ***(Click here)***.
- QATR: The final Quota Assessment Tools direction was provided on February 26, 2019 ***(Click here)***.
  Additional direction from BCFIRB was also provided on February 2, 2018 ***(Click here)***.

In both of these decisions, BCFIRB has stressed the importance of meeting public policy objectives including new entrants, regional development considerations, and growth opportunities for small farms. BC Egg carefully considers BCFIRB requirements, SAFETI principles, and the Regulated Marketing Economic Policy of the BC Ministry of Agriculture, when developing policies and programs.

STRATEGIC PLANNING AND SUSTAINABLE INDUSTRY DEVELOPMENT

The most recent BC Egg Strategic Plan was developed in 2015 for the years 2016-2020. The plan has been updated on an annual basis. In 2019, BC Egg is undertaking planning for the 2020 – 2025 strategic plan. The planning process will include stakeholder consultations through one-on-one interviews, on-line surveys and a one-day workshop with a select group of producers, graders and Board members. Stakeholder consultations involve retailers, government representatives, hatcheries, and feed suppliers in addition to producers, graders, Board members and BC Egg staff.

Sustainable Industry Development

BC Egg's long-term vision and goals for the Table Egg Industry are outlined in the Strategic Plan and discussed in further detail in the Industry Performance Targets section of this report.

Industry Structure in 2018

Farm Operators	Established*		New Entrant**		Total	
	Producers	Quota	Producers	Quota	Producers	Quota
January 1, 2018	116	2,878,278	16	69,597	132	2,947,875
December 31, 2018	115	2,943,532	23	93,024	138	3,036,556

* Established producers are those producers who have been in production for more than 10 years

** New entrants are those producers who have been in production for fewer than 10 years

Established By Size	Size	Producers	Type of Production Quota is being used for					Total
			Conventional	Enriched	Free Run	Free Range	Organic	
January 1, 2018	Small	19	8,243	-	41,911	42,992	41,260	134,406
	Medium	66	868,486	-	209,136	160,541	61,819	1,299,982
	Large	31	1,324,778	45,254	-	-	73,858	1,443,890
	Total	116	2,201,507	45,254	251,047	203,534	176,937	2,878,278

Established By Size	Size	Producers	Type of Production Quota is being used for					Total
			Conventional	Enriched	Free Run	Free Range	Organic	
December 31, 2018	Small	14	19,340	-	44,525	25,218	28,577	117,660
	Medium	70	825,601	-	171,089	228,877	89,687	1,315,253
	Large	31	1,246,852	184,740	-	-	79,027	1,510,619
	Total	115	2,091,793	184,740	215,615	254,095	197,290	2,943,532

NPP By Size	Size	Producers	Type of Production Quota is being used for				Total
			Enriched	Free Run	Free Range	Organic	
January 1, 2018	Small	14	5,072	13,668	13,927	20,598	53,265
	Medium	2	-	-	8,669	7,663	16,332
	Large	0	-	-	-	-	-
	Total	16	5,072	13,668	22,596	28,261	69,597

NPP By Size	Size	Producers	Type of Production Quota is being used for				Total
			Enriched	Free Run	Free Range	Organic	
December 31, 2018	Small	20	5,459	14,240	21,238	30,621	71,558
	Medium	3	-	6,204	6,979	8,283	21,466
	Large	0	-	-	-	-	-
	Total	23	5,459	20,444	28,217	38,904	93,024

Established By Region	Region	Producers	Type of Production Quota is being used for					Total
			Conventional	Enriched	Free Run	Free Range	Organic	
January 1, 2018	Lower Mainland	97	1,869,799	45,254	219,264	181,081	176,937	2,492,335
	Vancouver Island	7	120,276	-	4,645	17,486	-	142,407
	Interior	12	211,432	-	27,137	4,967	-	243,536
	Total	116	2,201,507	45,254	251,047	203,534	176,937	2,878,278

Established By Region	Size	Producers	Type of Production Quota is being used for					Total
			Conventional	Enriched	Free Run	Free Range	Organic	
December 31, 2018	Lower Mainland	96	1,755,727	152,838	181,254	228,671	197,290	2,515,780
	Vancouver Island	7	146,802	-	12,576	20,169	-	179,546
	Interior	12	184,564	36,602	21,785	5,255	-	248,206
	Total	116	2,087,093	189,440	215,615	254,095	197,290	2,943,532

NPP By Region	Region	Producers	Type of Production Quota is being used for				Total
			Enriched	Free Run	Free Range	Organic	
January 1, 2018	Lower Mainland	11	5,072	13,668	15,092	17,899	51,731
	Vancouver Island	1	-	-	4,410	-	4,410
	Interior	4	-	-	3,094	10,362	13,456
	Total	16	5,072	13,668	22,596	28,261	69,597

NPP By Region	Size	Producers	Type of Production Quota is being used for				Total
			Enriched	Free Run	Free Range	Organic	
December 31, 2018	Lower Mainland	14	5,459	23,444	13,438	18,864	61,205
	Vancouver Island	2	-	-	7,410	-	7,410
	Interior	7	-	-	4,369	20,040	24,409
	Total	23	5,459	23,444	25,217	38,904	93,024

By Product	Type	Established		New Entrant		Total	
		Producers	Quota	Producers	Quota	Producers	Quota
January 1, 2018	Conventional	69	2,201,507	-	-	69	2,201,507
	Enriched	1	45,254	1	5,072	2	50,326
	Free Run	15	251,047	3	13,668	18	264,715
	Free Range	15	203,534	5	22,596	20	226,130
	Organic	16	176,937	7	28,261	23	205,198
	Total	116	2,878,278	16	69,597	132	2,947,875

By Product	Type	Established		New Entrant		Total	
		Producers	Quota	Producers	Quota	Producers	Quota
December 31, 2018	Conventional	61	1,836,599	-	-	61	1,836,599
	Enriched	4	190,562	1	5,459	5	196,021
	Free Run	15	363,576	6	23,444	21	387,020
	Free Range	23	402,848	6	25,217	29	428,065
	Organic	12	149,946	10	38,904	22	188,850
	Total	115	2,943,532	23	93,024	138	3,036,556

Production

By Type	Total Dozens	%
Conventional	61,569,232	72.6%
Enriched	2,456,503	2.9%
Free Run	7,378,591	8.7%
Free Range	6,760,487	8.0%
Organic	6,638,637	7.8%
Total	84,803,450	100%

By Producer	Production Type (Dozens)					Total
	Conventional	Enriched	Free Run	Free Range	Organic	
Established	61,569,232	2,286,540	6,511,371	6,258,985	5,831,709	82,457,837
NPP	-	169,963	867,220	501,502	806,928	2,345,613
Total	61,569,232	2,456,503	7,378,591	6,760,487	6,638,637	84,803,450

Established By Size	Production Type (Dozens)					Total
	Conventional	Enriched	Free Run	Free Range	Organic	
Small	11,730,121	-	1,258,020	1,486,545	434,685	14,909,371
Medium	36,026,193	991,200	4,379,630	3,290,800	4,543,051	49,230,874
Large	13,812,919	1,295,340	873,721	1,481,640	853,973	18,317,593
Total	61,569,232	2,286,540	6,511,371	6,258,985	5,831,709	82,457,837

Established By Region	Production Type (Dozens)					Total
	Conventional	Enriched	Free Run	Free Range	Organic	
Lower Mainland	51,460,966	2,286,540	5,705,870	5,631,722	5,831,709	70,916,807
Vancouver Island	4,180,998	-	221,820	501,411	-	4,904,229
Interior	5,927,268	-	583,681	125,853	-	6,636,802
Total	61,569,232	2,286,540	6,511,371	6,258,985	5,831,709	82,457,837

NPP By Size	Production Type (Dozens)				Total
	Enriched	Free Run	Free Range	Organic	
Small	169,963	665,680	279,832	611,523	1,726,998
Medium	-	201,540	221,670	195,405	618,615
Large	-	-	-	-	-
Total	169,963	867,220	501,502	806,928	2,345,613

NPP By Region	Production Type (Dozens)				Total
	Enriched	Free Run	Free Range	Organic	
Lower Mainland	169,963	867,220	221,670	463,095	1,721,948
Vancouver Island	-	-	123,547	-	123,547
Interior	-	-	156,285	343,833	500,118
Total	169,963	867,220	501,502	806,928	2,345,613

Growth Quota Issued to Registered Producers in 2018

Established By Region	Established		New Entrant		Total	
	Producers	Quota	Producers	Quota	Producers	Quota
Lower Mainland	96	76,172	14	5,100	110	81,272
Vancouver Island	7	5,645	2	703	9	6,348
Interior	12	7,871	7	2,394	19	10,265
Total	115	89,688	23	8,197	138	97,885

By Size	Established		New Entrant		Total	
	Producers	Quota	Producers	Quota	Producers	Quota
Small	21	15,825	20	7,069	41	22,894
Medium	70	53,939	3	1,128	73	55,067
Large	24	19,924	0	-	24	19,924
Total	115	89,688	23	8,197	138	97,885

Producers who have declined growth quota – 0

Producers not eligible for growth quota due to the 12 month moratorium - 0

Retraction

No quota was retracted throughout the year other than through assessments.
The egg industry remains in a period of growth.

Quota Movement

Transfer Type	Type of Production Quota is being used for							
	Conventional	Enriched	Free Run	Free Range	Organic	Mixed	Assessed	Total
Transfer Out	22,957				12,274			35,231
Transfer In	15,880	4,192	6,600	1,076	5,117	646	1,230	35,231

- 25,094 units transferred under the transfer exemption rules.
- 1,230 quota units were assessed as a result of 10,137 quota units sold through two quota exchanges by two producers.

In 2018, all quota transfers occurred within their regions and no quota transfers occurred on Vancouver Island.

Interior - Transfer Out	Production Type (Number of Transfers)					
	Conventional	Enriched	Free Run	Free Range	Organic	Mixed
MRAP – Small					1	

Interior - Transfer In	Production Type (Number of Transfers)					
	Conventional	Enriched	Free Run	Free Range	Organic	Mixed
NPP – Small				1		
New Entrant – Small		1				

Lower Mainland - Transfer Out	Production Type (Number of Transfers)					
	Conventional	Enriched	Free Run	Free Range	Organic	Mixed
Established – Medium	3					
MRAP – Small Farm					2	

Lower Mainland - Transfer In	Production Type (Number of Transfers)					
	Conventional	Enriched	Free Run	Free Range	Organic	Mixed
New Entrant - Small			2		2	
New Entrant - Medium	1		2			1
New Entrant - Large	1				1	
MRAP - Small					1	
NPP - Small		1	1		1	
NPP - Medium				1	1	
Established - Small						
Established - Medium	1		1			2
Established - Large						2

New Entrants

The manner in which new entrants entered the industry in 2018 are as follows:

- 2 through Succession Planning
- 8 through the New Producer Program
- 1 through the purchase of quota on the Quota Exchange

Small Lot/Permit Holders

Region	Small Lot Permits
Vancouver Island	10
Lower Mainland	39
Interior	16
British Columbia	65

Processing Capacity

In BC there are 21 grading stations that grade table eggs and sell them as whole shell eggs. There is also one commercial egg processing facility that makes use of any surplus table eggs and off-grades produced in the province. These eggs are then sold as processed egg products such as liquid eggs, hard-boiled eggs, scrambled egg mix, etc. by the processor.

Graders By Region	Number of Graders		
	Commercial	Small Lot	Total
Lower Mainland	2	1	3
Vancouver Island	2	2	4
Interior	5	9	14
Total	9	12	21

Graders By License Type	Number of Graders		
	Commercial	Small Lot	Total
Federal	9	9	18
Provincial	2	3	3
Total	9	12	21

Price of Quota Administered on Provincial Quota Exchange

The last successful quota exchange occurred on March 7, 2018. The current price for quota, as administered through Part VI of the BC Egg Consolidated Order is $360.00.

PRODUCER ENGAGEMENT AND COMMITMENT TO THE INDUSTRY

In 2018, there was an average volume of 0.40% of individual quota holdings leased.

No new entrants or NPPs exited the industry.

Three producers who had been in the industry for more than ten years exited (2 MRAP and 1 Established).

QUOTA MANAGEMENT SUPPORTS DELIVERY OF MINISTRY POLICY

Specialty and Niche Markets

In BC, there are currently five production types within the regulated sector. Two of those are for the mainstream market and three are specialty.

1. Mainstream Production Types
   a. Conventional – hens are housed in a wire mesh enclosure with access to feed and water.
   b. Enriched – hens are housed in a wire mesh enclosure outfitted with perches, nest area, scratch area, and more head room when compared to a conventional system.
2. Specialty Production Types
   a. Free-Run – hens have access to the entire barn floor area where they can perch, scratch, forage and lay their eggs in nesting areas.
   b. Free-Range – hens are housed in barns similar to free-run housing, but also have access to outdoors.
   c. Organic – hens are housed in free-range systems that meet BC Certified Organic standards and are fed organic feed.

   Within the specialty production types category, there are two types of production systems used:
   - Floor free run – a single tier system where nests, perches, feed and water resources are located on one level.
   - Aviary – a multi-tier system where nest, perching, food and water resources are located on multiple elevated tiers.

In addition to the production types as defined by housing system, there are many additional feed differentiated products such as Omega 3, Vita-D and Veggie Fed.

In 2015, the members of the Retail Council of Canada made a commitment to purchase only cage-free product, if available, as of 2025. At this time, the industry is converting to alternative hen housing as individual retail and foodservice customers commit to specific timelines and transition strategies. It is important that, at all times, the consumers of BC are able to get the product they need. BC Egg remains committed to providing consumers with choice and will continue to convert to the specialty production systems, as the market demands it.

With the release of the updated Codes of Practice for the Care and Handling of Pullets and Laying Hens in 2017, egg producers were given a clear timeline in which to transition from conventional production systems and into enriched, free-run, free-range or organic. BC Egg is working with producers to encourage this transition in an orderly fashion. This includes education and awareness programs (newsletters, producer meetings), as well as policy development (barn fitness) and quota allocations (equal distribution requirements).

BC Egg is currently conducting research to determine if consumers are able to get the production type they are looking for in their respective regional markets. The results of this research will then direct our efforts for our new producer program and other policies.

BC Compared to National Production

Summary of National Production by Province

Province	By Dozens	
	2018 Production	Percentage
BC	85,439,415	11.93%
AB	66,754,530	9.32%
SK	27,411,435	3.83%
MB	72,183,135	10.08%
ON	269,605,125	37.64%
QC	141,712,350	19.78%
NS	23,038,920	3.22%
NL	10,412,430	1.45%
NT	2,812,590	0.39%
NB	13,116,945	1.83%
PE	3,804,870	0.53%
Total Canadian Production	716,291,745	100.00%

Imports and Exports

Summary of Interprovincial Movement

Province	By Dozens		
	Import	Export	Net Import (Export)
Yukon Territories	159,670	0	159,670
British Columbia	7,592,335	364,210	7,228,125
Alberta	14,468,514	4,578,537	9,889,977
Saskatwan	2,729,293	8,445,226	(5,715,933)
Manitoba	791,754	20,749,213	(19,957,459)
Ontario	8,652,251	7,009,612	1,642,639
Quebec	6,676,420	1,249,207	5,427,213
Nova Scotia	804,702	11,670	793,032
Newfoundland Labrador	151,254	50,220	101,034
Northern Territories	297,228	0	297,228
New Brunswick	734,415	493,345	241,070
Prince Edward Islands	37,680	433,087	(395,407)
Nunavut	288,811	0	288,811

Canadian Egg Imports and Exports as reported by Agriculture and Agri-Food Canada

2018 Canadian Shell Egg Imports by Region (By Dozens)				
West	Ontario	Quebec	Atlantic	Total
3,101,850	37,009,470	6,575,370	0	46,686,690

Trade balance summary – All poultry and eggs, January to December 2018

	Exports		Imports		Trade balance
	Quantity	Value ($)	Quantity	Value ($)	Value ($)
Shell Eggs fresh preserved/cooked (dozen) Total -	1,509,347	2,348,737	53,649,336	77,444,031	-75,095,294
Processed eggs (kg) Total -	5,237,835	14,929,834	8,781,025	37,246,824	-22,316,990

Includes quantities imported under the import for re-export program.

Source: Statistics Canada

Calculations done by AAFC-AID, Market Information Section

Processed Eggs (kg)

	Exports		Imports		Trade Balance
	Quantity	Value ($)	Quantity	Value ($)	Value ($)
Dried yolk	-	-	216,200	756,178	-756,178
Liquid / Frozen yolk	1,984,424	5,819,193	798,319	2,431,943	3,387,250
Dried Whole	60	2,892	3,042,177	10,413,565	-10,410,673
Liquid / Frozen whole	2,622,584	7,453,437	1,862,702	3,979,928	3,473,509
Dried Albumin	193,405	921,005	160,785	1,124,053	-203,048
Liquid / Frozen albumin	437,362	733,307	59	50	733,257
Egg preparations	-	-	2,700,783	18,541,107	-18,541,107
Total - Processed eggs (kg)	5,237,835	14,929,834	8,781,025	37,246,824	-22,316,990

ADDENDUM

SEPTEMBER 2019

Established By Size	Size	Producers	Type of Production Quota is being used for					Total
			Conventional	Enriched	Free Run	Free Range	Organic	
December 31, 2018	Small	14	5,334	4,700	13,469	14,737	22,825	61,065
	Medium	70	729,663	-	144,764	196,819	92,806	1,164,052
	Large	31	1,363,939	184,426	57,001	27,339	85,710	1,718,415
	Total	115	2,098,936	189,126	215,234	238,895	201,341	2,943,532

Established By Region	Region	Producers	Type of Production Quota is being used for					Total
			Conventional	Enriched	Free Run	Free Range	Organic	
January 1, 2018	Lower Mainland	97	1,869,799	45,254	219,264	181,081	176,937	2,492,335
	Vancouver Island	7	120,276	-	4,645	17,486	-	142,407
	Interior	9	169,687	-	27,137	4,967	-	201,791
	North	3	41,745	-	-	-	-	41,745
	Total	116	2,201,507	45,254	251,047	203,534	176,937	2,878,278

Established By Region	Size	Producers	Type of Production Quota is being used for					Total
			Conventional	Enriched	Free Run	Free Range	Organic	
December 31, 2018	Lower Mainland	96	1,755,727	152,838	181,254	228,671	197,290	2,515,780
	Vancouver Island	7	146,802	-	12,576	20,169	-	179,546
	Interior	9	142,685	36,602	21,785	5,255	-	206,327
	North	3	41,879	-	-	-	-	41,879
	Total	115	2,087,093	189,440	215,615	254,095	197,290	2,943,532

NPP By Region	Region	Producers	Type of Production Quota is being used for				Total
			Enriched	Free Run	Free Range	Organic	
January 1, 2018	Lower Mainland	11	5,072	13,668	15,092	17,899	51,731
	Vancouver Island	1	-	-	4,410	-	4,410
	Interior	4	-	-	3,094	10,362	13,456
	North	0	-	-	-	-	-
	Total	16	5,072	13,668	22,596	28,261	69,597

NPP By Region	Size	Producers	Type of Production Quota is being used for				Total
			Enriched	Free Run	Free Range	Organic	
December 31, 2018	Lower Mainland	14	5,459	23,444	13,438	18,864	61,205
	Vancouver Island	2	-	-	7,410	-	7,410
	Interior	7	-	-	4,369	20,040	24,409
	North	0	-	-	-	-	-
	Total	23	5,459	23,444	25,217	38,904	93,024

By Type	Total Dozens	%
Conventional	59,875,471	70.6%
Enriched	4,150,264	4.9%
Free Run	7,378,591	8.7%
Free Range	6,760,487	8.0%
Organic	6,638,637	7.8%
Total	84,803,450	100%

By Producer	Production Type (Dozens)					Total
	Conventional	Enriched	Free Run	Free Range	Organic	
Established	59,875,471	3,980,301	6,511,371	6,258,985	5,831,709	82,457,837
NPP	-	169,963	867,220	501,502	806,928	2,345,613
Total	59,875,471	4,150,264	7,378,591	6,760,487	6,638,637	84,803,450

Established By Size	Production Type (Dozens)					Total
	Conventional	Enriched	Free Run	Free Range	Organic	
Small	152,003	98,640	362,280	368,688	769,373	1,750,984
Medium	21,047,846	-	4,205,060	5,101,508	2,358,340	32,712,754
Large	38,675,622	3,881,661	1,944,031	788,790	2,703,996	47,994,100
Total	59,875,471	3,980,301	6,511,371	6,258,985	5,831,709	82,457,837

Established By Region	Production Type (Dozens)					Total
	Conventional	Enriched	Free Run	Free Range	Organic	
Lower Mainland	50,782,840	2,964,666	5,705,870	5,631,722	5,831,709	70,916,807
Vancouver Island	4,180,998	-	221,820	501,411	-	4,904,229
Interior	3,977,222	1,015,635	539,715	125,853	-	5,658,425
North	934,411	-	43,966	-	-	978,377
Total	59,875,471	3,980,301	6,511,371	6,258,985	5,831,709	82,457,837

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