

# Consolidated Orders Review

## Survey Summary

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On June 28, 2016 staff sent the Consolidated Orders Review survey to all registered and small lot producers, inviting them to comment on the proposed changes. A link was also posted on the public BCEMB website. Reminders were sent by email to all producers who had not responded every two weeks until the survey closed on August 31, 2016. A total of 49 responses were received; 48 registered producers and 1 small lot producer.

Below is a summary of the responses and the comments received for each questions. The number in brackets beside the comment is the number of times that comment was made, if it was made more than once.

### Independent Production Unit Changes

- 1) The first question was to determine how many producers would be negatively impacted by the changes to land ownership and coolers. 14% of the respondents share coolers with another producer and 12% would be negatively affected by the landownership changes.
- 2) Do you feel that these changes will meet the objective of encouraging only active producers while not imposing excessive restrictions? 42% Yes, 11% No, 47% Maybe
  - Producers should be able to lease quota (4), especially between farms with related shareholders
  - Producers will always find loopholes (4)
  - Some flexibility should be allowed as we move away from cages (2)
  - It should help meet those objectives
  - Producers who are family members should be able to operate on the same land and share equipment
- 3) Do you have any additional comments regarding the changes to Independent Production Units?
  - There are many reasons a producer may want to have multiple production units
  - There may be an advantage to allowing exiting producers to lease their quota to new producers to reduce the debt load as the new producer becomes established
  - Sharing an egg packer and cooler is more efficient and saves money
  - Exceptions should be made when a family owns both production units
  - Exceptions should be made when the shareholders of both registered producers are the same
  - There should be fewer restrictions in this time of transition
  - Maybe for landownership, the registered producer must own or be a partner in the land
  - There should be an exception when the land owner is family

### Part I - Introductory

- 4) Are there any additional changes to the definitions required?
  - The difference between an Independent Production Unit and Egg Production Unit is still unclear (2)
  - The definition for Chick Hatchery Operator should be changed to remove hatching pullets to “hatching chicks for the purpose of table egg production”
  - The definition of conventional housing should be changed from “traditional” cages to another term, possibly commercial or table
  - Parts a and b in the definition of going concern sale should be combined
  - Why is there a definition for “private interest”?

- The definition for provincial quota should be changed so that the units are hens rather than dozens and the word market should be changed to “house for the purpose of marketing table eggs”
- The definitions for Related Corporate Producer and Sibling Related Corporate Producer should be combined
- Don’t specify Specialty Quota
- Producers should be allowed to lease quota within a family
- Abbreviations should not be used (BOD or EXW)
- Furnished housing should be Small Aviary Housing
- If the same owner has two egg production units in one barn with a separate collection system it should be allowed
- Automated packing equipment does not apply to those who hand pick
- Another definition should be added where two registered producers can jointly hold quota as a way to share production facilities and coolers

## Part II – Licensing/Permitting

- 5) Are there additional general conditions of licensing that need to be added? Why?
  - A limit should be returned to the 100-399 small lot permits – small lot production should be discouraged as it is poor quality and too much time is spent on it
  - Exempt producers (99 or less) should fall under the same Biosecurity and food safety regulations as registered producers
  - Producer-Vendors should be required to sell at least 75% of their product rather than selling their eggs to a licensed grading station as “overstock”
- 6) Are there general conditions of licensing that need to be removed? Why?
  - Producer-Vendors should not be required to meet the Shell Egg Grading Regulations to sell at farm gate, they should only be required to mark them ungraded
  - Majority shareholders change due to deaths and family transitions, would the licence be cancelled as outlined in Part II 1.4
  - There is overlap between BCEMB and CFIA, it should just be BCEMB
  - Obtaining CFIA certification would be difficult for hatcheries that bring chicks in from the USA.
- 7) Do you have any comments regarding the changes to the Unregistered Producer Program?
  - The BCEMB should be allowed to inspect, count and penalize permit holders
  - The exemption should be for 25 birds
  - They should meet the same food safety, animal care and Biosecurity standards that registered producers are required to meet
  - Test them for SE
  - It will be difficult to get them to register, provide an incentive for registration
  - It would be great if we had them all registered in case of emergency
  - Allowing an unlimited number of permit holders does not seem like a good idea

## Part III – Issuance and Registration of Layer Quota

- 8) Do you have any comments regarding the changes to the Issuance of Layer Quota?
  - Leasing quota should not hinder the issuance of quota, the producer should be given time to build capacity (2)
  - 30 days is too short, 45 to 60 would be better (2)
  - What is the definition of “good standing”

- What does “Inactive Producer” mean
  - Parts III 2 (3) (a, b, and c) can be combined
  - Parts III 2 (3) (f and g) can be combined
  - Part III 2 (5) should be reworded to “The Board will not issue quota to a producer while...”
- 9) Do you have any comments in addition to those mentioned in questions 1-3 regarding inactive producers and changes to independent production units?
- It would make more sense to allow inactive producers to lease their quota to new entrants, reducing their debt load to start
  - No new quota allocations to leased out quota is a strong enough penalty
  - The suggested changes work and is fair to those who actively work at improving and upgrading their farms
  - Be careful not to make it too hard for a family corporation of farms
  - The changes to the wording of independent production unit do not make sense
  - Part III 2 (5) is confusing because you talk about holding 50% of total issuances and 100% of new issuances in the IPU
  - Will there be a form to fill out? What steps does a producer need to take to notify the Board of changes?
  - If you lease an off-site unit, you should have your own staff run the farm, not hire a new team for the second site

## Part IV – New Producer Program Rules

- 10) Do you have any comments regarding the changes to the New Producer Program Rules?
- Quota should only be issued to new entrants if there is a need for the product (4)
  - It does not make sense to start 2 new producers in years where the industry is experiencing claw-back.
  - New Producers should be required to attend an extensive course on food safety, Biosecurity, animal care and business planning prior to being allowed to apply
  - There should not be financial assistance allowed from existing related or former related quota holders
  - New quota allocations should be issued by the Board to those producers who provide the Board with 90% of the market value of the quota. This will be returned to the producer upon surrender of the quota, the interest can be used to fund education or AI expenses. The only win-fall experienced by the producer is the difference between the old market value and the new market value
  - It’s great to get new people in but creates an inefficient industry if there are too many small producers, it is hard to remain competitive
  - There should be fewer new entrants and they should be given the option to buy quota from the board at current quota exchange rates.
  - A new producer should be able to buy in
  - Producer-vendor should be fixed
  - Production type should be up to grader needs
  - Every 7 years we are adding 10% more producers – logistics and industry knowledge will have an impact on industry dynamics
  - What if we have to claw back quota from new entrants?
  - Small lot should not get different treatment, only regions
  - Scoring should be changed to concentrate more on an applicants ability to work the farm rather than fund it

- Part IV 1 (4) (i) should state that proof is grading station sign off or include a plan to self-market
- Part IV 1 (4) (k) should include a comment regarding consultation with the marketplace or graders

## Part V – Transfer of Layer Quota

- 11) Do you have any comments regarding that changes to the Application and Limitations on the Transfer of Layer Quota?
- If you allow transfer exemptions between siblings then you should exclude them from the NPP
  - Remove regional restrictions in their entirety as they make no sense today
  - You should make the person put the birds in the barn for two years prior to selling
  - This is good, I would like to see my children take over the farm
  - I do not believe quota should be used for speculation
  - Can a person keep buying small amounts every 6 months?
  - Can a person sell some and then accept a pro-rata issuance?
  - If a person sells to another person would they both have to wait two years to sell more?
- 12) Will the changes proposed accomplish the objectives listed above for quota transfer assessments?  
71% Yes, 3% No, 26% Maybe
- The 10/10/10 should be on a prorated basis – If I sell 20% of my quota, I lose 20% of the allocation
  - Require producers to pay a security deposit for an allocation
  - Quota is the right to produce eggs, not a financial tool for trading and speculation
  - It depends on the goal – more quota being produced or more quota for sale
  - Having a two year limit give quota better liquidity – this may increase transfers and assessments
  - New entrants having a longer time frame will stop speculation
  - People will always find loopholes
  - More incentive to stay and grow
  - Try reducing the assessment from 5% to 2 or 3% to further encourage movement
- 13) Siblings have been included as exemptions, do you think this should also be extended to include employees such as farm managers, so long as a track record of employment can be proven? 21% Yes, 44% No, 35% Maybe
- It would be difficult to administer (2)
  - Too easy to circumvent and allow inactive producers – exactly what you have been trying to stop
  - If there is no one to take the farm on the owners retirement and the manager has a proven track record, he should receive the same treatment as family
  - Maybe if the farm manager was also a shareholder in the corporation – perhaps the exemption could apply to any shareholder of a corporation
  - An option where anyone named in estate planning could be exempt
  - Unless there is a written legal document stating the quota owners wishes
  - It depends on how dedicated the farm manager is
- 14) Do you have any comments or additional suggestions regarding Quota Transfer Assessments?
- The board should not be involved with setting the minimum price for quota
  - Perhaps an exemption could apply to whole farm sales as claw-backs create an inefficient production unit

## Part VI – Provincial Quota Exchange Rules

15) Do you have any suggestions regarding the Provincial Quota Exchange?

- Regionalization is no longer practical (2)
- If one region is selling and no buying for a three year period, this should be reviewed
- Consider changing the regions – North, Interior, Kootenays, Island and Lower Mainland
- A fixed price is better than the old system
- Quota seller should pick the transfer date
- It should be transparent and fair to everyone
- The policy should be reviewed after one year to see if additional changes are needed
- The policy is fair
- I like the change

## Part VII – Permissible Lease

16) Do you feel that this lease program between registered producers is flexible enough? 68% Yes, 15% No, 17% Maybe

- One year is too restrictive if builders and equipment installers are busy, it could take an extra 6-8 months or two years (3)
- Lease amongst producers should be allowed regardless as long as the producer is housing the majority of their quota (2)
- Allowing leasing within family producers or same ownership would utilize efficiency without requiring transfers and allow more flexibility for switching production types (2)
- Leasing between family members during estate planning should be allowed

17) Do you feel that this Lease Program from the Board will accomplish the objectives listed above? 79% Yes, 6% No, 15% Maybe

- The lease needs to last for the whole production cycle
- A person who had greater than 10% QC's may have purchased or just come off of a renovation, the policy does not take into account the burn rate
- You should be able to lease no matter how many QC's you have
- Take QC's away that are greater than two years old
- Must be fair and open to all

18) How might the Lease Program be improved?

- It should coincide with Chick Placement Permits
- The lease program should not punish a producer for having a large quota credit balance.
- The use of quota credits and the leasing program should work hand in hand
- The Board could direct leasing to a specific region to help fill the market – difficult when BC is short in all categories
- Leasing should be allowed for a maximum of 5 year
- The lease pool should be open to all
- It creates a disadvantage for those who purchased quota credits
- Your leasing policy sucks and is 100% unfair with regards to having too many QC's
- Looks fair this way
- Must be fair and open to all - inclusive

## Part VIII – Quota Credits

19) Do you have any comments or additional suggestions regarding the quota credit policy?

- Good Policy (3)
  - Quota credits should be allocated on a daily basis
  - I don't agree with the late applications penalty – it seems a bit too hard
  - How can we get QC's used and traded rather than hoarded?
  - Look at max downtimes to earn QC's, dependant on production type – this would limit the QC's earned
- 20) Do you have any concerns regarding the timeframe for Fowl Removal notification?
- Two months seems reasonable (6)
  - A reminder 3 months prior to kill date would be nice
  - A two month in advance tentative date with a confirmed date one month in advance would help
  - If a producer is required to have his date set two months in advance, then the processor should be bound to that date or the producer should get compensation

## Part IX – Production Requirements and Limitation

- 21) Do you have any comments in addition to those mentioned in questions 1-3 regarding Obligation to Produce and be Actively Engaged?
- What is your definition of Active? (2)
  - Producers should be able to operate as they see fit
  - Try to stay family farm units
  - It should be 50% of the producer's quota in EPU's owned by the producer, not just in 1 EPU
  - Good
  - You must be an owner of the land or at least on title
- 22) Do you have any concerns, comments or suggestions regarding Overproduction?
- Caged producers should be given a three week grace period or a tolerance level to compensate
  - A strong projection model by the Board will be beneficial in predicting future placements – what happens in negative growth situations
  - We need some flexibility, but with guidelines
  - If a producer has too many pullets and not enough QC's they should be able to use QC's from their next flock change instead of reducing bird numbers
  - Overproduction needs to be tracked better
  - Deal with farm-gate sales as that is where some overproduction is going
  - There should be penalties for negative QC balances
- 23) Do you have any concerns, comments or suggestions regarding Chick Placement Permits?
- Penalties should only be administered after the producer has had the opportunity to speak to Board staff about it (3)
  - There should be a way to adjust them (2)
  - Send an email to producers who forget
  - There should be a guaranteed response time from the Board
  - Agree
  - These should be required 30 days prior to delivery of chicks
  - A penalty for failing to apply for a CPP seems harsh
  - The computerization of these permits is a challenge, you should be able to talk to people about them
  - Part IX 3 (2) can be removed as the Board can penalize producers in Part IX 3 (3). It is expecting too much of the Pullet growers and hatcheries.

- 24) Do you have any concerns, comments or suggestions regarding Restrictions on Class of Production, Relationship Between Producer and Grader, Operational Standards or Fowl Removal?
- Change of production types should be between producer and grader (2)
  - The Board should discourage producers from continually switching production (13 month producers)
  - Fowl removal dates should be confirmed by processor 10 days after requesting the date and shouldn't be switched two days before shipping by processor
  - EFR sign off never comes full circle, leaving producers in the dark
  - Organic producers should not have to pay for fowl removal
  - The word rendering in Part IX 7 (1) should be changed to processing

## **Part X – Prices and Manner of Payment**

- 25) Do you have any comments or additional suggestions regarding Prices and Manner of Payment?
- Prices should be minimum only
  - The price should be the price, not the minimum price
  - A copy of invoices for all deductions should be included with production cheque email – the Board must provide details prior to deducting
  - Furnished housing production should have a set price
  - Organic feed has risen and it has not been reflected in their COP
  - The grading station should pay the producers, the funds should not come through the board office

## **Part XI – Levies & Fees**

- 26) Do you have any comments or additional suggestions regarding Levies and Fees?
- Other than the administrative levy, the Board should not be charging levies on birds removed by disaster (SE, fire, etc). The IP levy is for eggs sent to the breaker and should be charged when there is no production
  - If a producer is retooling, levies should not apply until production has begun
  - The interest on outstanding accounts is too high (18%)
  - Part XI 2 regarding Grading Station Operator Responsibility Regarding Levies can be removed as the Board does this

## **Part XII – Industrial Product**

- 27) Do you have any comments or additional suggestions regarding Industrial Product?
- We need them but it should be balanced
  - Part XII 1 (6) CDA should be changed to AAFC or EFC, whoever approves the tags
  - The skid tags should be double sided
  - Part XII 1 (12) you can remove the word levies as the Board does this

## **Part XIII – Reporting and Inspection**

- 28) Do you have any concerns, comments or additional suggestions regarding Pullet Growers Reporting to the Board?
- The Board has no power to penalize Pullet growers (2)
  - This is repeating the CPP (3)
  - Does this apply to producers who grow their own pullets? (2)
  - Is this for all bird sales?

- This should only apply to Pullet growers that are selling to unregistered producers.
  - Part XIII 5 (2) (f) and 6 (1) (f) the amount paid to producers should state owed to producers as the grading station pays the Board who pays the producer
- 29) Do you have any concerns, comments or additional suggestions regarding Chick Sales Agents Reporting to the Board?
- Good idea (2)
  - Not sure if the Board has control over this
  - Just creates more paperwork
  - If this is to capture unregistered producers, exempt the sales to registered producers
- 30) Do you have any concerns, comments or additional suggestions regarding Producer-Vendor Reporting to the Board?
- Need to be verified by counts and ensuring production levels are within expected ranges
  - Depends on the volume
  - They should
- 31) Do you have any concerns, comments or additional suggestions regarding Grading Station Reporting to the Board?
- The Board should audit graders to ensure appropriate payment
  - Not sure if the Board has control over this
  - They should

## Part XIV - Prohibitions

- 32) Do you have any comments or additional suggestions regarding Prohibitions?
- As long as you send something that tells producers how many birds they can place
  - This does not stop producers selling at farm gate or farmers markets

## Part XV – Failure to Comply

- 33) Do you have any concerns, comments or additional suggestions regarding Licence Suspension or Cancellation, General Non-Compliance or Non-Compliance Related to Animal Care?
- The Board should not resort to suspension or cancellation for not meeting operational or animal care standards, it should be up to the vendor if they want to continue to market the producer's eggs.
  - We should all play by the same rules
  - Great
- 34) Do you have any concerns, comments or additional suggestions regarding Operational Standards, Pre-Grade Tests, Cooler Tests or Microbiological Sampling?
- SE sampling is done incorrectly. If we are going to sample the environment a second test should be conducted to confirm that the first wasn't a false positive (2)
  - Sample birds and eggs, not pits fans and walls
  - Specialty product that fails a pre-grade test should be penalized at 15 cents below specialty price, not caged white
  - As the breeds are changing, there should be two warnings for all producers regardless of flock age prior to the penalty.
  - The pre-grade sampling penalty should be \$0.20 as that is the EFC penalty

## Part XVI – Appeal Process

- 35) Do you have any concerns, comments or additional suggestions regarding the Appeal Process?

- It's all about the rules, not about being fair. Ensure that if staff takes a solution to the Board and the BOD denies the solution that the producer is not out of their 30 days
- 45 days from the decision would be more appropriate
- An appeal process is good, who is the appeal to? FIRB or an independent party?
- An arena to meet with the BOD prior to FIRB
- BOD meeting minutes need to be posted within 24 hours of the meeting and they need to be more detailed

## Part XVII – Miscellaneous

- 36) Do you have any concerns, comments or additional suggestions regarding Miscellaneous?
- There were not comments listed

## Conclusion

- 37) Do you have any concerns, comments or additional suggestions regarding the items that were removed?

- The specialty and production management committees should be required to post and solicit producer input before implementing changes to operational standards
- It would be nice to see the Board Governance manual in order to comment on it

- 38) Are there any final comments you wish to make?

- Stop fooling yourself that quota has not value, it is no different than a taxi-cab licence or a McDonalds franchise
- Producer would have no problem paying a fee to use quota from the Board and returning it to the Board when he is done using it
- The Board should not be micro-managing farms with operational, animal care and Biosecurity standards – have general standards and the “certified” product sell itself
- The Board should not forget to market eggs in an orderly fashion and give farmers direction with which product to produce – we don't want to flood the market and drop the price
- Thanks for the hard work, it appears well thought out
- You need think “how can we make it simpler” and “does this make practice sense”
- There has to be an easier way to do this, the survey is long and the orders still sound like a lawyer wrote them

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