

# Quota Management Tools Review

## Survey Summary

---

On January 12, 2016 staff sent the Quota Management Tools Review survey to all registered and small lot producers, inviting them to comment on the proposed policy. A link was also posted on the public BCEMB website. Reminders were sent by email to all producers who had not responded on January 20, 2016. A total of 56 responses were received; 45 producer and 11 website.

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.

### New Producer Program

- 1) Will the process of selecting for multiple years and utilizing a wait-list/staged entry format increase efficiency? 53 Responses – 57% yes, 17% no, 26% unsure

#### Yes

- It will give future direction, help producers with planning and increase efficiency (4)

#### No

- The waitlisted person may lose out on potential business opportunities while they are waiting to start (1)
- Unfair to those that will reach the age of majority in those five years (1)

#### General Comments

- Existing new producers should be considered prior to selecting new ones (1)

### Provincial Allocation Increases

- 2) Is the BCEMB policy to ensure that there is enough quota in the reserve for new entrants for five years appropriate? 45 Responses – 62% yes, 20% no, 18% unsure

#### Yes

- It ensures the NPP can operate as planned without relying on unpredictable amounts (2)
- Consistent, Fair and Efficient (2)

#### No

- Quota held in the reserve is not in production (1)
- Should be higher (1)
- Three years is long enough (1)

#### General Comments

- The balance can be put to use immediately with TMG (2)
- Minimal impact on quota sales (1)
- Good policy (1)

- 3) Should the BCEMB be setting aside a specific percentage from each allocation for the NPP instead? 45 Responses – 27% yes, 53% no, 20% unsure

#### Yes

- Only up to the required amount (4)

#### No

- It lowers the pro-rata (2)

#### General Comments

- Remove the quota transfer assessment while enough is being obtained by new allocations then reintroduce if necessary (2)
- Smaller producers need allocation security (1)

- 4) Should the BCEMB reconsider allocating different shares of the national allocation increases based on production type, region or farm size? 44 Responses – 23% yes, 68% no, 9% unsure

Yes

- Should be based on market and/or regional requirements (2)
- Only if done in a way that mitigates negative impacts (sliding scale) (1)

No

- Quota is the same everywhere, % should be equal, everyone pays the same levy, fair (4)
- It should be left up to producers (2)
- Open to manipulation (2)
- Producers should not be discriminated against based on farm size (1)

General Comments

- Graders should have a say in the matter (2)
- If anything, allot a higher % to new entrants (1)
- The whole industry is short on eggs (1)

## Quota Transfer Assessments

- 5) Should the 10/10/10 remain for new producers who are “gifted” quota? 40 Responses – 63% yes, 22% no, 15% unsure

Yes

- Ensure those successful on the program don’t receive the quota then sell it right away (4)
- Requires new entrants to demonstrate commitment (3)

No

- It should revert back to the Board I first 10 years (2)
- 10/10/5 might be more appropriate (1)
- 20/5/10 but reverts back to Board if sold within 10 years (1)

General Comments

- New producers need all the help they can get (1)

- 6) Will the 50/2/5 policy be effective in ensuring that the quota will be used by those it was issued to while providing producers with an increase in fluidity for transfer? 41 Responses – 56% yes, 10% no, 34% unsure

Yes

- Producers will do what they can to place if it must be placed to be issued (2)
- Better than the 10/10/10 policy (1)
- Only if it applies to EFC issuances and not NPP issuances (1)
- Increases amount of quota lot on the exchange while still encouraging growth (1)

No

- Producers who don’t have space should be able to sell on the exchange without penalty (1)

General Comments

- A lot of variables (2)
- Should the Board be trying to make it easy to sell quota? (1)
- Will this lead to higher prices? (1)
- Assessment should be removed completely (1)
- Producers must not be able to lease part of their production in order to house the new issuance (1)

7) Should the 5% quota transfer assessment be maintained? 41 Responses – 56% yes, 22% no, 22% unsure

Yes

- Except for interfamily transfers or family succession (1)
- If quota prices remain fixed – seller gets the tax (1)

No

- There is enough growth with new issuances to maintain NPP (4)
- Limits people wanting to sell (1)
- Inflates the price of quota (1)

General Comments

- Can reinstated in future if needed for NPP (1)
- Use pro-rata deductions on QC balances to cover needs to NPP in periods of no growth (1)

8) Should sibling transfers be exempt from quota transfer assessments in situations where there is not a whole farm transfer? 41 Responses – 81% yes, 7% no, 12% unsure

Yes

- Provides flexibility in succession planning (5)
- Family is family, within the philosophy of family farming (3)
- It will keep smaller units active (2)
- As long as it is about estate planning (1)
- As long as it is limited between siblings but not further down the line (1)
- Only if siblings are co-owners or the system can be misused (1)

No

- 

General Comments

- Just get rid of the 5% entirely (1)

9) Will the revised quota assessment policy have the desired effect of increasing the amount of quota transferred? 40 Responses – 48% yes, 12% no, 40% unsure

Yes

- Producer contemplating retirement may sell sooner as they will not be giving up as much quota (3)
- With a smaller penalty, producers will be more willing to make adjustments (3)

No

- Still too high (1)

General Comments

- If the 10/10/10 never came in effect we wouldn't be in this situation (1)
- No clawbacks would be better (1)
- Not sure if this will be enough to sustain NPP (1)
- Board pricing may sway people instead (1)

10) Do the changes to the BCEMB policies adequately address the concerns regarding a new producers ability to expand their operations? (Including changes made to the Quota Exchange and Quota Assessment Policies) 41 Responses – 53% yes, 15% no, 32% unsure

Yes

- More than adequate (1)

No

- Not a hope (1)
- Quota prices still too high (1)

#### General Comments

- 399 permit is too small (2)
- Please don't just focus on New Producers and also look after the producers who have been through lean years and cut-backs (1)
- Do not fix quota prices on the exchange (1)
- In order for there to be more quota on the exchange there has to be of no cost to the buyer or the seller (1)
- It would be nice if we could go back to exchanges between producers (1)
- Not in favor of the NPP, if you want quota, go buy it (1)
- Is there a policy for new producers with the quota exchange to enable them to hold off on paying for quota bought until they can use it? (1)

## Provincial Leasing Policy

- 11) Does this leasing policy adequately address issues that arise when retooling or other extraordinary circumstances? 39 Responses – 72% yes, 8% no, 20% unsure

#### Yes

- Short term lease is a great way to solve this issue (3)
- Great way for producers to grow (2)
- As long as it is one time only (1)

#### No

- One production cycle may not be long enough (4)

#### General Comments

- What is wrong with leasing? Aside from non-actively engaged producers (1)
- You should not be able to lease to make space for new allocations (1)
- What about when retooling a few barns over a number of years? Could you lease out each year the amount for each barn being re-tooled at that time? (1)
- You need to deal with "management contracts" (1)

- 12) Will this policy have the desired effect of ensuring the BC Egg Industry does not have any non-actively engaged producers? 40 Responses – 72% yes, 8% no, 20% unsure

#### Yes

- The one cycle limit will do that (2)
- But I don't agree with the setup (1)
- The 90% requirements deals with this (1)

#### No

- 

#### General Comments

- Feed billing and egg receipts are not difficult to circumvent, need to explain management contracts and figure out what it entails (2)
- There should be an exemption for family members – as a way to help a child get into the industry (1)

- 13) As this policy does not restrict the amount of quota a producer can lease in, is this an appropriate mechanism for new entrants to obtain some additional production for a short period of time? 40 Responses – 78% yes, 7% no, 15% unsure

Yes

- It will be helpful (5)
- But new and old producers should be treated equally (2)

No

- A longer lease period may be more helpful (4)
- It would be more appropriate to issue new producers more production (1)

General Comments

- They would have to lease from different producers each year (2)
- Most new entrants won't have tons of space (1)
- Maybe new producers could have preference (1)

## Small Lot Permit Program

- 14) Will this policy increase the BCEMB's ability to communicate effectively with small lot producers?  
40 Responses – 48% yes, 20% no, 32% unsure

Yes

- Removes some of the adversarial perception (2)
- For those that pay the fee, but not those that don't feel the need to come on board (1)
- It should bring more small lots to the table (1)

No

- Not sure if all unregulated producers feel the need to come on board, pay fees and follow regulations (8)

General Comments

- Not sure how increasing the number of small lots won't impact the provincial allocation (1)
- You should know where they are (1)
- They should not get priority (1)

- 15) Do you believe that this policy will have the desired effect on reducing some of the food safety concerns through education? 41 Responses – 51% yes, 20% no, 29% unsure

Yes

- Only if there is compliance from the unregulated producers (3)
- Education is good for those that are interested (2)

No

- Some will be unwilling to participate (3)
- Already available to those that want it (2)
- They will operate however they want to anyway (1)

General Comments

- Deal with the disease outbreaks in the commercial flocks first (1)
- Don't know but worth the try (1)
- Small producers don't really present a problem (1)

- 16) Are there potential concerns that we have not yet addressed with this policy change? 41 Responses – 39% yes, 22% no, 39% unsure

Yes

- What if there is an unmanageable number of small producers? (4)
- There is no consequence to them so they won't follow the rules anyway, if a person gets sick, the whole industry suffers (1)
- Priority should be given to established permit holders to increase their flocks first (1)

- How do we ensure producers register? Are there penalties for failing to register or comply? (1)
- Added costs to regulated producers (1)
- Small lots should be tested for salmonella as well (1)
- Many will choose not to pay the \$250 – why do they have to? (1)
- Not everyone wants to be included (1)
- They will continue to reuse egg cartons (1)

No

- 

General Comments

- What is the real reason for this? Is it just because the Board doesn't want to shut them down? (1)
- All producers, even the small ones, should be required to comply with food safety (1)

17) Is a \$250 permit fee appropriate and fair in the long term? 41 Responses – 39% yes, 32% no, 29% unsure

Yes

- It is fair (2)
- For current level of service provided (1)

No

- Should be higher (8)
- Too high – why would they pay when they can produce for free (2)
- Maybe implement a sliding scale for those with good (or bad) track records (2)
- Should charge a levy based on the number of birds (1)

General Comments

- The Board should charge what it costs to run the program (2)
- Money is not the issue, level of cooperation is (1)

## Utilization Rate

18) Will this policy be effective at increasing the utilization rate? 42 Responses – 79% yes, 2% no, 19% unsure

Yes

- Logical (1)
- Limited to those with space but will get eggs out now (1)
- Proactive (1)

No

- Most producers are at maximum capacity (2)

General Comments

- More notice is needed (1)
- Good way to just move birds from TMG to quota with a paper shuffle (1)

19) Do you have any suggestions regarding additional methods to increase the utilization rate? 38 Responses – 32% yes, 53% no, 15% unsure

Yes

- Relax leasing rules (2)
- TMG should be more than 6% and reviewed semi-annually (2)
- Encourage producers to build for growth (2)

- Provide more notice of increases (2)
- More certainty regarding future housing standards would speed up retooling/expansion (1)
- Encourage producers to keep their birds until their pullets are 20 weeks then have their 2 week downtime – the first few weeks the eggs are too small anyway (1)
- Quota allocation should be made more often to reflect the market (1)
- Put in better disciplines for QC's – Use it or lose it (1)
- Tell EFC to be pro-active (1)
- Speed up FIRB (1)
- Lease pool for quota that is not used due to barn space (1)
- Provide incentive for those that provide the space in the short term (1)
- We need a reasonable down-time (1)
- All QC's for sale should be posted on a site or managed at the Board so those looking for them can get them (1)

#### No

- Most producers are at maximum capacity (2)

#### General Comments

- More notice is needed (1)
- Good way to just move birds from TMG to quota with a paper shuffle (1)

## Quota Credit Policy

20) Do you have any comments regarding the change to the quota credit policy? 19 Responses

- I agree (8)
- Don't know why changes were made – the levy has been paid on a bird not in the barn (2)
- Producers that can't utilize increases but are planning on building should not be penalized (2)
- Emphasis needs to be put on the producer to house the allocation given to them – the QC policy has allowed the producer to take the easy way out. (1)
- QC's should have an expiry date (1)
- This should bring up our utilization (1)

21) Our current quota credit balance is around 22 million. Do you have any advice on how to encourage producers to utilize their quota credits? 25 Responses

- Use them or lose them (7)
- Sell them to those who can use them (2)
- Build to make space to use them (2)
- QC sales should be managed by the Board so producers can find them (2)
- Difficult to utilize with all of these increases (2)
- Decrease expiry date to 3 years (2)
- Provide an incentive or % back for those used (1)
- Remove the ability to sell them (1)
- Remove the quota credit policy and only charge producers levy on birds in the barn – once the QC balance has decreased to a comfortable level, reinstate the policy (1)
- The current QC policy is fair to the producer (1)
- Decrease expiry date to 4 years (1)
- Decrease expiry date to 2 years (1)
- If a producer hasn't used QC's in three years, they should be sold or cancelled (1)

- There should be a maximum % of QC's allowed banked in relation to farm size (1)
- Allow change in density from 67 to 65 (1)
- Ensure producers are aware of the quota credits they have available and their value (1)
- Enforce the expiry date (1)
- Allow producers to lease so they can use credits (1)
- Limit earning on downtime (1)

## National Allocation Formula

22) Do you have any comments regarding the National Allocation Formula? 22 Responses

- There should be criteria in the Federal Provincial Agreement to account for provincial requirements – Population, Specialty Production/Markets (8)
- Allocation needs to look further ahead (4)
- The market should be reviewed more often – 3 months (1)
- BC Growth is stifled and encourages imports (1)

## Conclusion

23) Are there any additional comments? 4 Responses

- Encourage use of the TMG to anticipate allocations (2)
- If we are short on product, why did the price just drop? (1)
- Leasing rules need to be more flexible (1)
- Change NPP to 5000 birds (1)
- Work with others to use up credits and fill barns that have space available (1)
- The market is the most important asset industry has, we should focus on this (1)
- The work to come up with solutions has been thorough (1)
- The quota exchange still needs some work (1)
- Surveys are good as long as producers keep responding (1)
- Thanks for keeping us in the loop (1)
- Generally positive changes (1)
- It is important to allow those with space to be able to use it (1)
- Board policies can be hard to read and find (1)
- Growth should always be handed out pro-rata – stop feeling sorry for the little guy (1)

Prepared by: Katie Lowe