

2018 Quota Allocation Distribution

BCFIRB, as per their decision dated August 28th 2018, has directed the BCEMB to distribute the 108,741 layers of growth quota as 70% or 76,119 pro-rata and 30% or 32,622 to be set aside for the New Producer Program (10% minimum) and other public policy objectives such as regional development, growth of new markets, etc. The quota is to be distributed under BCEMB's Consolidated Orders dated November 1, 2017 to licensed quota holders active and in good standing, effective Week 44, October 28, 2018.

After considerable deliberation, the BCEMB has determined the distribution method for the 30% of this allocation that best meets industry needs is:

- 20% or 21,748 layers to be distributed equally to producers who are currently producing eggs in Fully Enriched, Free Run, Free Range and/or Organic systems
- 10% or 10,874 layers to be set aside for the New Producer Program.

Rationale

The BCEMB considered the following objectives when determining the distribution method for the 30% or 32,622 layers of this allocation:

- Promote animal welfare
- Support growth of small farms and new entrants
- Support regional growth
- Meet emerging market needs
- Encourage producers to move out of conventional production systems

These objectives align with BCFIRB's directive and with the BC Ministry of Agriculture Regulated Marketing Economic Policy.

Implications

New Producer Program:

The 10% or 10,874 layers set aside for the New Producer Program (NPP) will provide BCEMB with 33,426¹ undesignated quota which is sufficient for BCEMB to meet its NPP draw commitment from 2020-2025 and support additional programming.

Equal distribution of 20% or 21,748 layers to Specialty and Enriched production:

- Each registered producer who is currently producing eggs in Free Run, Free Range, Organic and/or fully Enriched systems will receive 256 quota units.
- The equal distribution of 256 units per producer supports small farm growth. When combined with the 70% pro rata, the smallest 25% quota holders receive, on average, an 8.33% increase in quota holdings compared to an 3.19% increase for

¹ 22,552 quota units currently in NPP pool plus additional 10,874 units equals 33,426 units

mid-sized producers (middle 50% quota holders) and 2.77% increase for the largest 25% quota holders.²

- This allocation method shifts production into the regions, albeit slightly. After the allocation of the 70% pro rata and equal distribution to specialty and fully enriched production, the quota held in the Lower Mainland will increase by 3.23%, while the quota held in the Vancouver Island will increase by 3.41% and the Interior will increase by 3.82%. The slight regional shift is greater for the Vancouver Island and Interior regions in comparison to the Lower Mainland because there are proportionately more specialty producers in those regions.
- This equal distribution method helps meet growing market demand for premium Specialty eggs and affordable eggs from Enriched systems, and promotes high animal welfare standards in line with public expectations.
- Producers will be encouraged to phase out conventional egg production well in advance of the July 1st 2036 deadline outlined in the Code of Practice for the Care and Handling of Pullets and Laying Hens.
- At the time of this allocation there are 139 registered producers in BC. A total of 85 producers (61%) are currently producing eggs in Free Run, Free Range, Organic and/or fully Enriched systems and therefore qualified for the equal distribution allocation. A table which depicts the registered producers in each region and the percent who qualified is presented below:

Region	Registered Producers In Region	Producers Eligible	Percent Eligible
Lower Mainland	111	66	59.46%
Vancouver Island	9	6	66.67%
Interior	19	13	68.42%
Total	139	85	61.15%

Analysis

The BCEMB evaluated the allocation distribution method using SAFETI analysis, the BCMA Regulated Marketing Economic Policy (RMEP), and Board objectives.

BCMA Regulated Marketing Economic Policy

- 1) This allocation method is responsive to **public interest** by encouraging BC producers to invest in Enriched and Specialty production and phase out of conventional production at an accelerated rate before the 2036 deadline. The public expects a strong commitment to animal welfare from the egg sector, and production that meets consumer demand in the marketplace. Conversion to enriched or specialty production may also accelerate the decommissioning of older barns which is in the best interests of the public and sector.

² The smallest 25% quota holders are registered producers with quota holdings prior to this allocation of 6,137 quota or less; there are 36 registered producers in this category. The middle 50% quota holders are registered producers with quota holdings between 6,138 and 26,616 quota units; there are 68 registered producers in this category. The largest 25% quota holders are registered producers with quota holdings of 26,617 or more; there are 35 registered producers in this category.

- 2) **Current markets** will be **maintained** as the conventional egg market will be filled with enriched production in an orderly manner. Free-run, Free-range and Organic production will be increased resulting in specialty **market gains**.
- 3) The 10% set aside will ensure the sustainability of the New Producer Program and support for **new entrants**. The equal distribution of the 20% amongst all enriched and specialty producers further increases the sustainability of new entrants by providing them with an, on average, higher than pro-rata allocation.
- 4) All producers must meet the **Safety and Quality Standards** expected of the industry. Producers must comply with the Consolidated Orders, including maintaining passing scores for their Start Clean Stay Clean, Animal Care and BC Biosecurity Program audits with no Critical Care Element Failures.
- 5) This allocation method will shift a small percentage of production to outlying regions, which, over time, will help support **regional development**.

SAFETI Analysis

- 1) This allocation method meets the **strategic** objectives of promoting hen welfare, encouraging producers to phase out of conventional systems, shifting production to the regions and supporting small farm growth.
- 2) This allocation method is **accountable** to the public by ensuring that consumer choice is available at retail while encouraging producers to meet the 2036 deadline in the Code at a faster pace. The allocation method is also aligned with the Regulated Marketing Economic Policy.
- 3) This decision meets the **fairness** principle as the Board analyzed the many allocation options and outcomes against the RMEP and Board objectives without bias. The Board also considered the possible effects on producers of each production category.
- 4) This allocation method is **effective** in meeting BCEMB objectives as well as BCFIRB's directive. The distribution model allows the BCEMB to analyze how the allocation will impact small, medium and large producers, regionality and production split within the province.
- 5) The Board has ensured that all producers and stakeholders were been consulted on the allocation policy direction as presented to BCFIRB on May 25, 2018. All producers have received the allocation correspondence between BCEMB and BCFIRB and they have been informed of our progress to date through newsletters and producer meetings as well as minutes posted on the website. BCEMB strives to be as **transparent** as possible.
- 6) The Board was **inclusive** in evaluating all stakeholders interests, including the public interest and consumer expectations. The perspectives of all producers and stakeholders were considered, including the conventional producer that may have fairly new equipment in excellent condition or the enriched producer that may not be producing at the required density.

Producer Eligibility

In order to be eligible for the 70% pro-rata allocation producers must be in compliance with the requirements outlined in Part III of the Consolidated Orders, and:

- Obtain 95% on a Start Clean Stay Clean audit within the last year, with no outstanding Critical Control Elements. If CARs are outstanding as of October 18, 2018, these must be completed for a passing score of 95% prior to November

22, 2018.

- Obtain 90% on an Animal Care Program audit within the last year, with no outstanding Critical Care Elements. If CARs are outstanding as of October 18, 2018, these must be completed for a passing score of 90% prior to November 22, 2018.
- Obtain a pass on your BC Biosecurity Program audit within the last year, with no outstanding mandatory corrective actions. If CARs are outstanding as of October 18, 2018, these must be completed for a passing score of 90% prior to November 22, 2018.
- Have your current flocks Chick Placement Permits (CPP) submitted PLUS two additional years of CPPs for active barns.
- All outstanding levies and charges paid in full by November 22, 2018.
- All CSV files received by Producer/Vendors up to November 22, 2018.

In order to be eligible for the 20% equal distribution to Specialty and Enriched Producers, producers must meet all of the same eligibility requirements to receive the 70% pro-rata allocation and:

- Have held production in Fully Enriched, Free-Run, Free-Range and Certified Organic between January 1, 2018 and October 18, 2018
 - To be classified as fully enriched, the enriched housing system must meet the 2017 Codes of Practice definition for an Enriched Cage and house birds at the minimum space requirement of 116.25 square inches of total space per hen, including nests, of which 93 square inches does not include nest boxes.