

January 19, 2018

To: BC Egg Marketing Board

From: BC Egg Producers' Association

RE: Quota Allocation Consultation

The BC Egg Producers' Association discussed the recent survey for the "Quota Allocation Consultation."

Through our discussions we came to the unanimous conclusion that the pro-rata allocation method is the only allocation method that truly follows SAFETI principles and allows our industry to continue to thrive.

Rather than belabour the many challenges we discussed with the other allocation methods we would like to present several of the key strengths of the pro-rata method that brought us to our unanimous decision. We believe that pro rata:

- 1) Contributes growth at a sustainable rate for farms of all sizes, making it possible for all farms to gradually expand overtime. This method of slow, steady growth prevents massive spikes in capital investment being required in concentrated parts of the industry for several years and followed by a period of little to no growth.
- 2) Provides the growth equally across the sector:
 - a. preventing interference with the natural transition already taking place in the industry.
 - b. avoiding the challenges associated with methods favouring one grader's producers over another.
 - c. treating all levels of current capital investment the same.
- 3) Creates a natural timeline of outgrowing barn space, triggering renovations or new construction, resulting in implementing the newest systems in the industry without flooding industry trades.
- 4) Encourages efficiency by removing incentives to divide large farms into smaller ones.
- 5) Provides for a simplified method of sharing the pain of a potential future quota decrease.
- 6) Promotes transparency by removing any determination by individuals on who will receive quota over someone else, also preventing attempts by parties to influence these decisions.
- 7) Allows farms to plan for a predictable amount of growth when projecting forward, particularly during construction of new barns.

To improve the allocation method in BC, we need to find a way to expedite the process. Due to the constant delays allocating growth that has already been approved nationally, producers in BC are significantly delayed on getting new allocations into production. Some thing must be done to allow for growth allocated by EFC to be immediately distributed amongst producers in BC. Predictable and expedited allocations of quota is essential as it allows for producers to begin planning and ordering birds immediately after an EFC announcement (before it is even allocated nationally) as opposed to waiting until we finally receive provincial approval. As a province already short on quota, we lose access to our local, expanding, cage-free market when we are unable to fill it because of these delays in allocation versus our neighbouring provinces. Instead, some of our producers are left being forced to continue to produce caged eggs, despite being ready and willing to transition to cage-free, because the demand for specialty product is being met by other provinces. As BC producers, we need to keep as much of our

provincial market share as possible. Our industry cannot afford to be held hostage, waiting for results of consultations and reviews.

We also take issue with the implied message throughout the survey that the BC egg industry hasn't been responsive to changing market demands. Looking over the past few years, any time the graders have put out a formal request for producers to change production types it has been met with an overwhelming response. Most recently, Golden Valley put out an urgent request for more organic eggs. Before the end of that week producers were turned away due to an immediate and overwhelming response. These eggs will take time to bring into production and it is our belief that there is an opportunity to look for creative ways to fill temporary gaps in the interim. But to suggest that we have not been market responsive, despite having significantly more cage-free production than any other province, is absurd.

Please feel free to contact me for more detail and/or clarification on our perspective.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Siemens', with a long horizontal flourish extending to the right.

Mark Siemens
President - BC Egg Producers' Association
604-807-4866