

Consolidated Order Review – Quota Credits, Quota Leasing, TAP

Quota Credits:

An update to the Quota Credit program was approved and published on February 11, 2021. The refresh included enhanced definitions and clarity on QC earning opportunities.

Quota Leasing:

Along with the 2021 refresh to the Quota Credit Policy, the Board also enhanced the Quota Leasing program by expanding the opportunities where producers are eligible to lease quota.

Temporary Allotment Programs (TAPs)

BCEMB has three TAPs (TAP A, B, C) to assist producers depending on different factors and situations.

Survey Methodology

The BCEMB sent an on-line survey to 348 industry stakeholders including producers, graders, processor and allied trades. The survey was sent on June 20, 2022, as part of the Consolidated Order Review, and was open for two weeks.

Survey Response Rate

Of the 348 industry stakeholders who were sent the on-line survey, 53 individuals completed all survey questions, representing a 15% response rate overall. Of the 53 respondents, 46 producers responded to the survey representing 87% of survey respondents and 31% of the 149 registered producers in BC.

Survey Results

The results from the survey can be found on the following pages.

Next Steps

The Board will be reviewing the survey results and incorporating feedback into a recommended Consolidated Order update. Once finalized, the draft changes will again be sent out via survey for final comments before being submitted to BCFIRB for approval.

Survey Introduction and Questions

An update to the Quota Credit program was approved and published on February 11, 2021 (click [here](#) to view). The refresh included enhanced definitions and clarity on QC earning opportunities. These opportunities include:

- Fowl removal
- Building and renovating
- Quota purchased on the quarterly exchange
- Disease resulting in ongoing mortality
- Production realignment from short placement due to SE (beyond CEIRA coverage)
- Production realignment while building new facility

Quota Credits

The fowl removal formula was adjusted and is now calculated using two unique formulas (one for 0-28 days and another formula for 29+ days). The program also defined opportunities where producers are not eligible to earn Quota Credits. These include:

- Moulting - No BCEMB or EFC programs support the moulting of flocks.
- Salmonella Enteritidis positive flocks
- Short placements
- Claims resulting from events generally considered to be as under management control such as unexceptional disease or mortality
- Natural disaster
- Barn fire
- Building collapse

Producers are expected to enter quota credit licences in 13-week intervals unless there is a fowl removal date during the QC licence period, in which case, the fowl removal date should be the last date of licence.

1. Do you understand the quota credit program?
2. Do you utilize the quota credits earned by your farm? If not, why?
3. Do you feel like there are any situations that should be eligible for quota credits that are not currently? List your suggested situations here.
4. Are you satisfied with the current framework for the Quota Credit Policy? If not, what would you like to change?

Quota Leasing

Along with the 2021 refresh to the Quota Credit Policy, the Board also enhanced the Quota Leasing program by expanding the opportunities where producers are eligible to lease quota. A producer is able to lease out quota for up to one year:

1. If they are renovating, retooling, or rebuilding a layer facility
 2. If they have just purchased quota from the provincial quota exchange
 3. If they are unable to keep or maintain their quota due to:
 - Natural disaster
 - Short placement (at least 5% of intended placement)
 - Unexpected bird losses
 - Other extraordinary circumstances (excluding disease)
 4. If they need to realign their flock due to new construction
 5. If the lease is between exempt parties
-
5. Do you feel that the leasing policy is clear?

6. Do you feel that the current producer-to-producer quota leasing policy is adequate at providing producers who are unable to produce their quota with opportunities to lease? If not, why?
7. Would you like to see the leasing policy expanded further? If yes, how?

Temporary Allotment Program A

The Temporary Allotment Program Pool A provides genuine new entrants with an opportunity to lease a maximum of 1,000 quota units from BCEMB (1:1 matching). This lease is reduced by the equivalent of any growth allocations received by the farm. The lease is reduced to zero at the sooner of: (1) five years, or (2) the farm receiving in excess of 1,000 quota units in growth. Producers who are leasing quota through the TAP A program are required to pay BCEMB \$12 per year (\$1 per month) plus weekly levy.

8. Do you currently participate in the TAP A program?
9. Are you supportive of the TAP A program? If not, why?
10. What changes would you recommend to the TAP A program?

Temporary Allotment Program B

The Board utilizes quota that is expected to be held in reserve for the next year by making it available to producers in the TAP B program. Producers cannot participate in the TAP A and TAP B program at the same time. Producers who reduce or end their lease in the TAP B program, for any reason, are not allowed to re-enter the program until the next time the program is run.

The Board will notify producers at the beginning of June what the expected amount of quota in the TAP B lease pool will be. TAP B leases run from the first Sunday in July for 365 days. Producers are not required to accept their TAP B lease immediately. They can opt to take it later in the year; however, if you do not apply for TAP B in June, you will be unable to apply at a later date for that TAP B year. If you take part in TAP B then decide to opt out, you cannot opt back in until the following TAP B year.

11. Have you participated in a TAP B program?
12. Are you supportive of the TAP B program?
13. What changes would you like to see to the TAP B program?

Temporary Allotment Program C

TAP C was developed in response to a catastrophic event that impacted multiple producers' production capabilities for a prolonged period of time. Rather than having multiple producers trying to lease a small volume of quota, the Board administered the program to ensure that opportunities were equalized for all those who were affected. This program was added to the Consolidated Order to formalize the process. The Board may activate the TAP C program in response to any catastrophe that impacts two or more producers. This could be events such as forest fires, flooding, earthquakes, AI, heat loss, etc.

Producers are able to opt in and out of TAP C. The pool does not remain constant for the duration of the lease and those leasing the quota from the Board will have their lease amount decline over time. For this program, producers impacted by the event are able to lease their quota to the pool

and receive \$1 per month of lease. Those producers who are leasing quota from the pool pay \$1 per month of lease.

14. Have you participated in the TAP C program?
 - I have participated in the TAP C program by leasing out.
 - I have participated in the TAP C program by leasing in.
 - I have not participated in the TAP C program.
15. Are you supportive of the program?
16. What changes would you recommend to the program?

Thank you for taking our survey. Your response is very important to us.

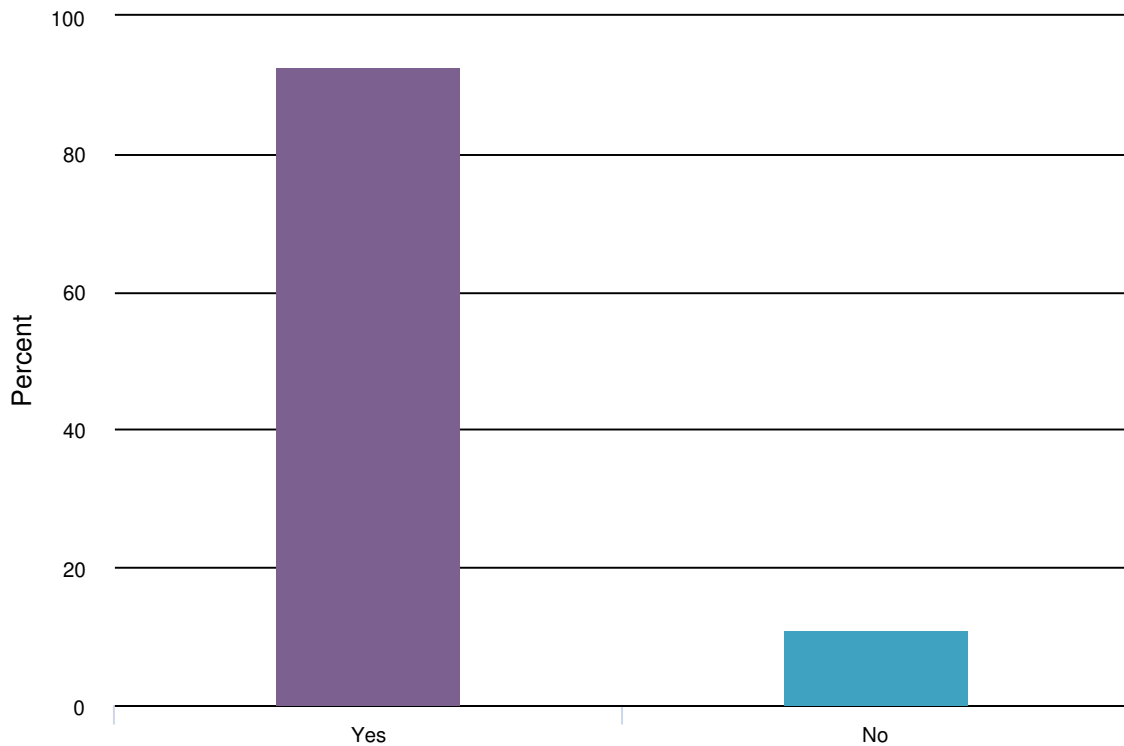
Report for Consolidated Orders Survey: Quota Credits, Quota Leasing, TAP

Response Counts



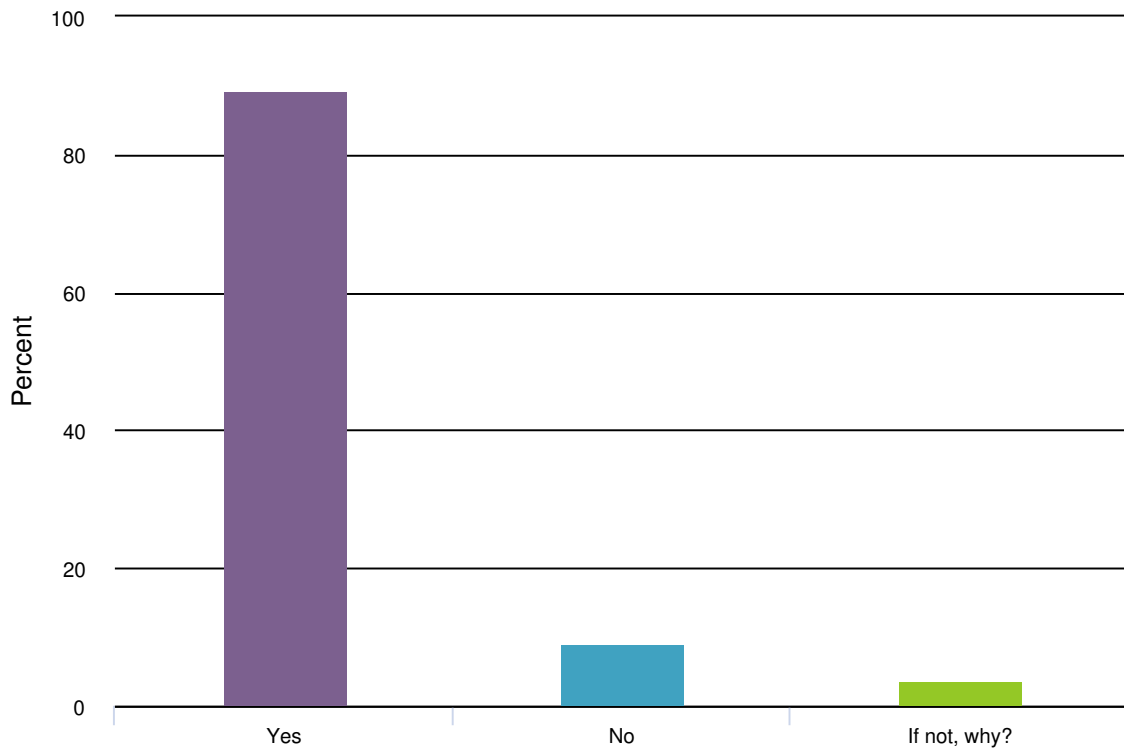
Totals: 58

1. Do you understand the quota credit program?



Value	Percent	Responses
Yes	92.7%	51
No	10.9%	6

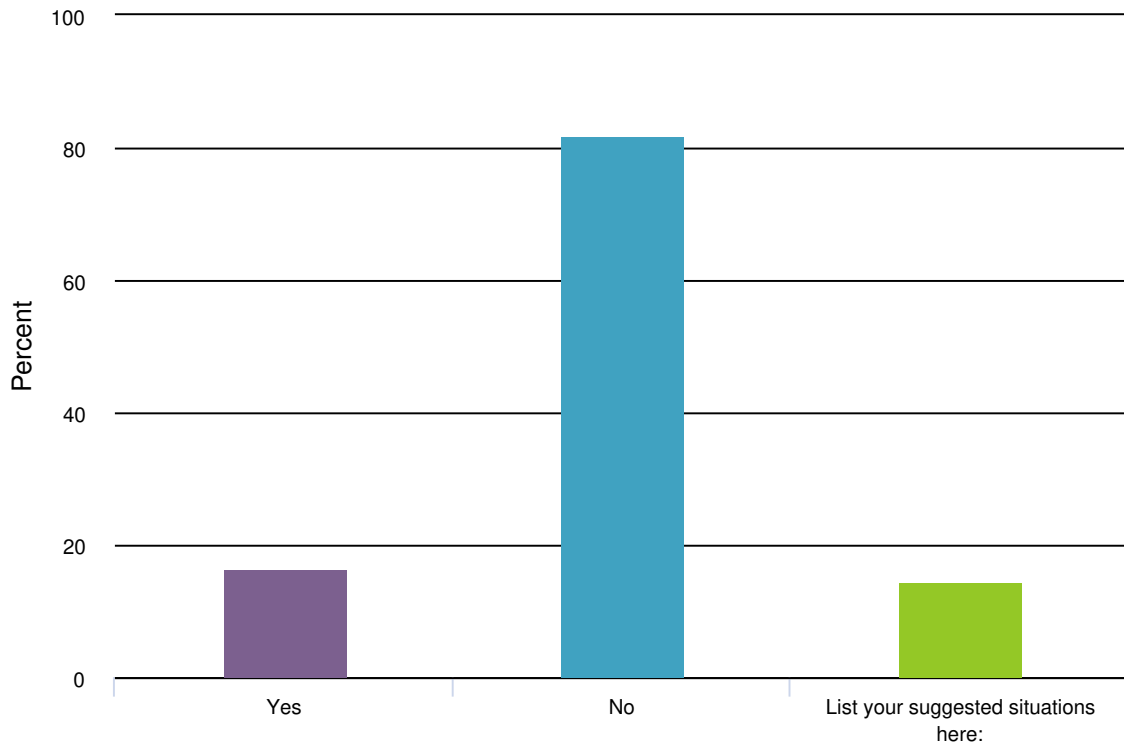
2. Do you utilize the quota credits earned by your farm?






Value	Percent	Responses
Yes	89.3%	50
No	8.9%	5
If not, why?	3.6%	2

If not, why?	Count
Industry person	1
we don't have any quota	1
Totals	2

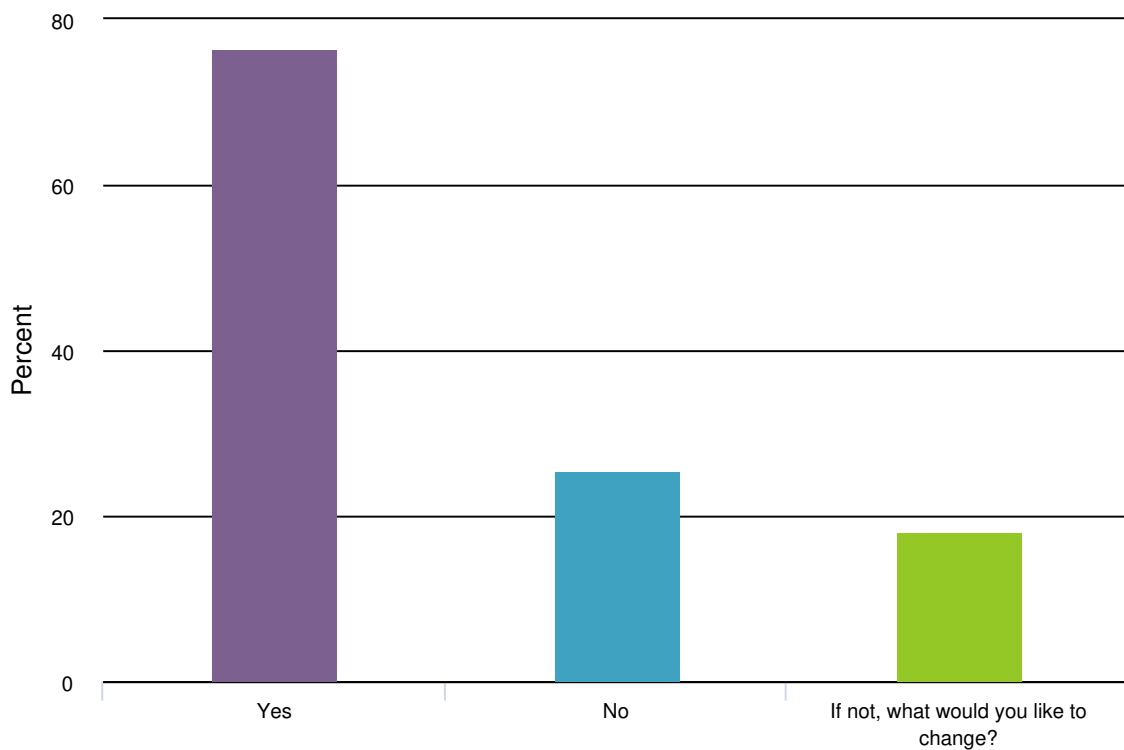
3. Do you feel like there are any situations that should be eligible for quota credits that are not currently?






Value		Percent	Responses
Yes		16.4%	9
No		81.8%	45
List your suggested situations here:		14.5%	8

List your suggested situations here:	Count
A problem with the pullets while they are growing (ie ILT)	1
Any production loss due to disease not covered by insurance	1
During an SE positive situation.	1
Short flock placements, natural disasters including heat stress, flood etc should be included	1
The 0-28 day formula should be increased to something like 42 days. For specialty barns, 4 week cleanout is acceptable, but not generous. 28 days is a good concept but should be increased	1
When you are short on birds	1
natural disasters(such as flood) barn fires building collapse	1
short placements	1
Totals	8

4. Are you satisfied with the current framework for the Quota Credit Policy?



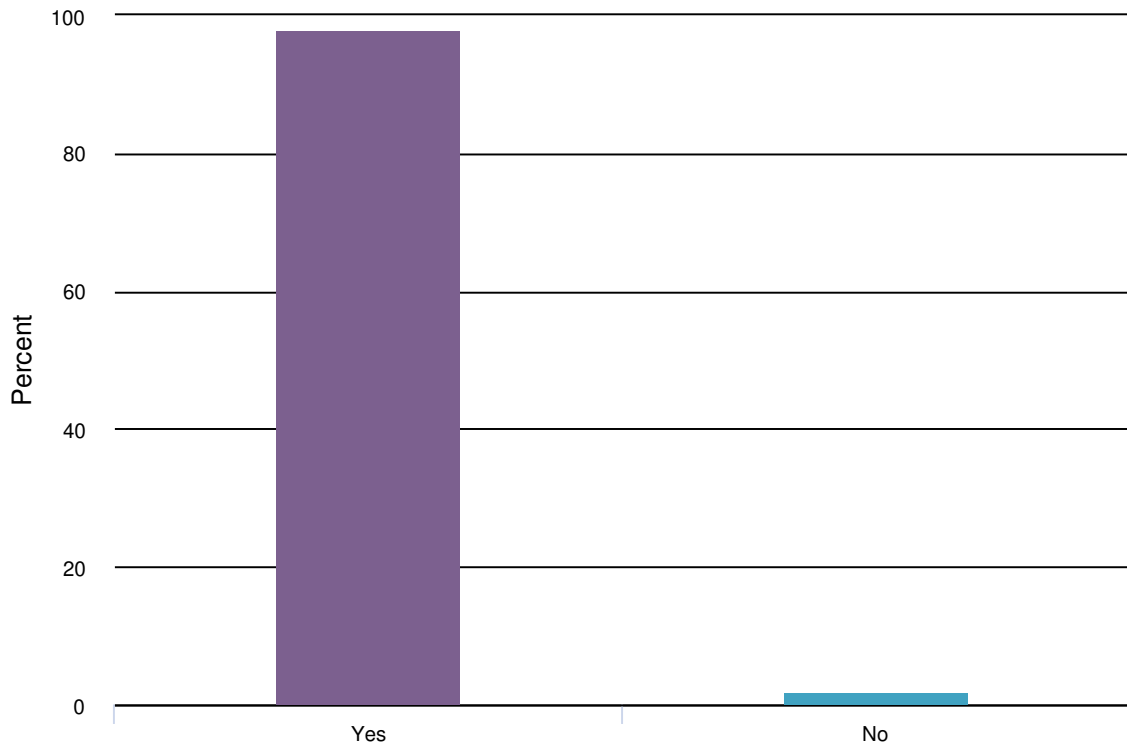
Value		Percent	Responses
Yes		76.4%	42
No		25.5%	14
If not, what would you like to change?		18.2%	10

If not, what would you like to change?

Count

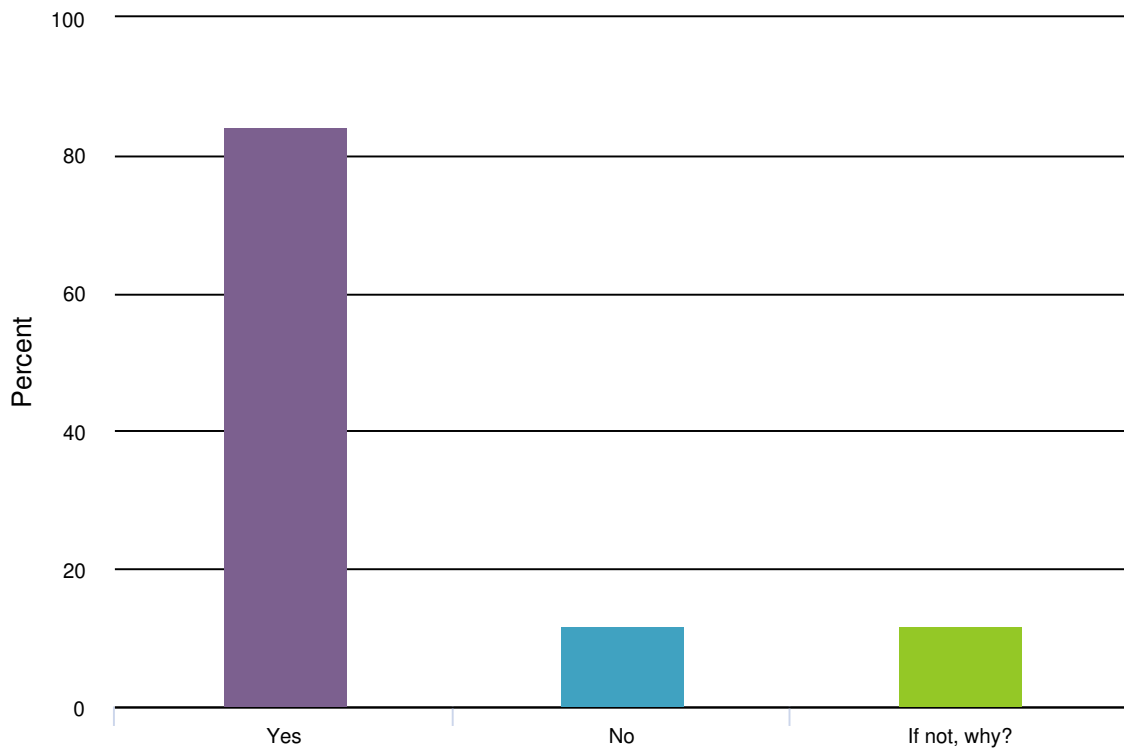
	Count
Has there been any thought to only the farm that earned the QC being able to use the QC. There could be a trade option like we use for Quota if its the same ownership	1
I think quota credits should expire and enforced. I also think there should be some consideration to keeping credits within their production type. I don't think that would be particularly good for me but would be much better for the industry.	1
If earned by the day should be able to utilize in the same time frame	1
It is confusing.	1
Quota Credits are being sold from one category to another which causing specialty producers to build bigger and fill their barns causing graders to send more eggs to IP market.	1
Quota credits should be only used in the category they were created in. ie: Cage White to Cage White or Organic to Organic.	1
Quota credits should not expire after 5 years	1
Should stay in same type of production as earned	1
The ability to earn credits due to short placement	1
They should go on the exchange if not utilized in 5 years	1
Totals	10

5. Do you feel that the leasing policy is clear?



Value		Percent	Responses
Yes		98.0%	50
No		2.0%	1

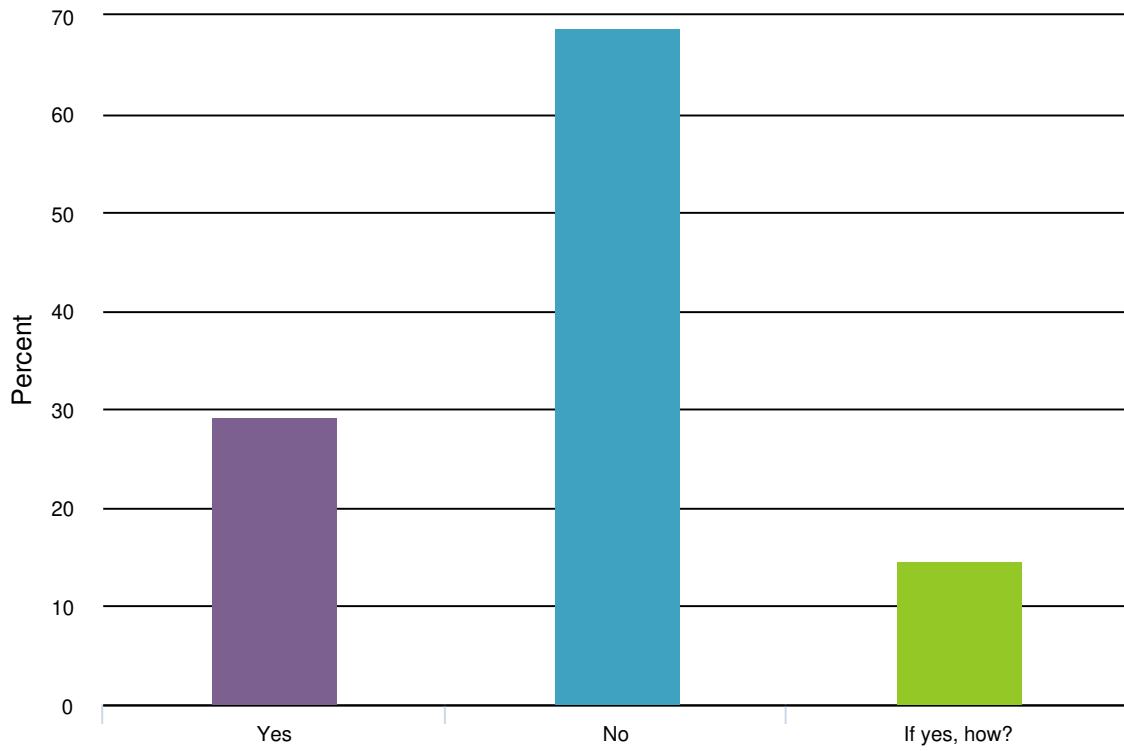
6. Do you feel that the current producer-to-producer quota leasing policy is adequate at providing producers who are unable to produce their quota with opportunities to lease?






Value	Percent	Responses
Yes	84.3%	43
No	11.8%	6
If not, why?	11.8%	6

If not, why?	Count
Bcegm needs to regulate what the graders needs are and. What the markets demand	1
If they can't produce or house the quota they should either build or put it on the exchange	1
My problem is that if I'm a small organic producer. I have room to take quota but can't house. I could if I was free run. I should be able to take it and lease it or at least have the board lease it with some money coming back to me	1
Not familiar enough to have an opinion	1
The need for grader sign off interferes with this	1
What about issues of succession planning?	1
Totals	6

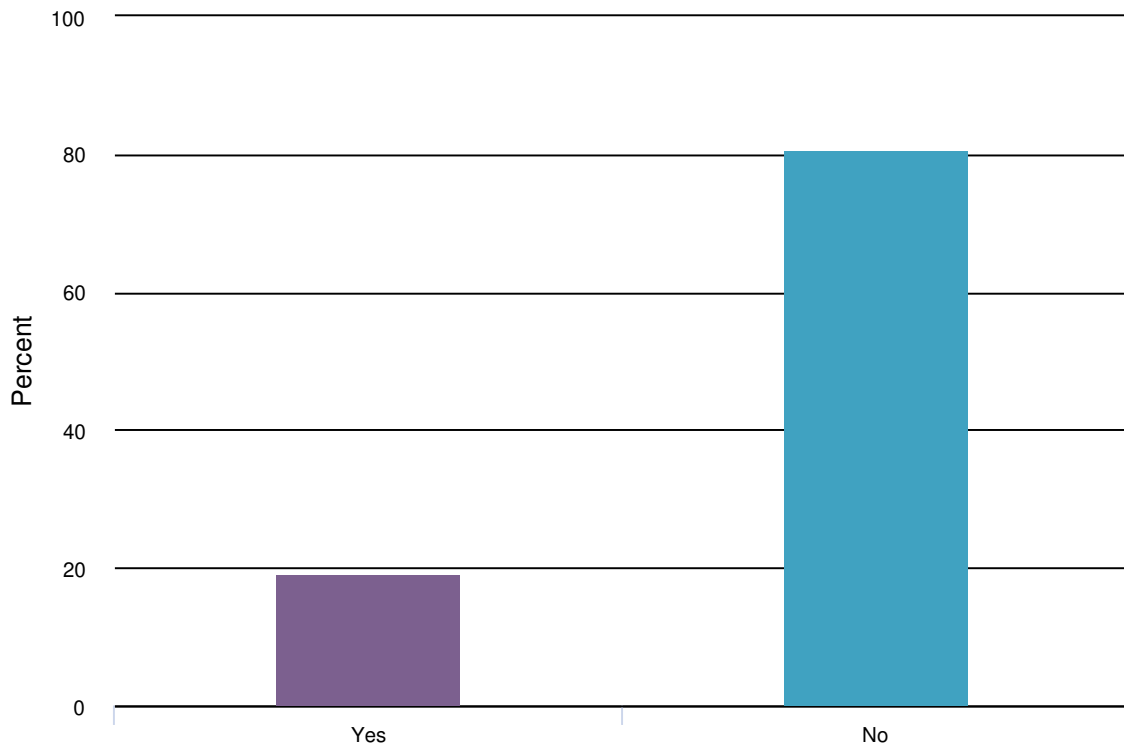
7. Would you like to see the leasing policy expanded further?



Value		Percent	Responses
Yes		29.2%	14
No		68.8%	33
If yes, how?		14.6%	7

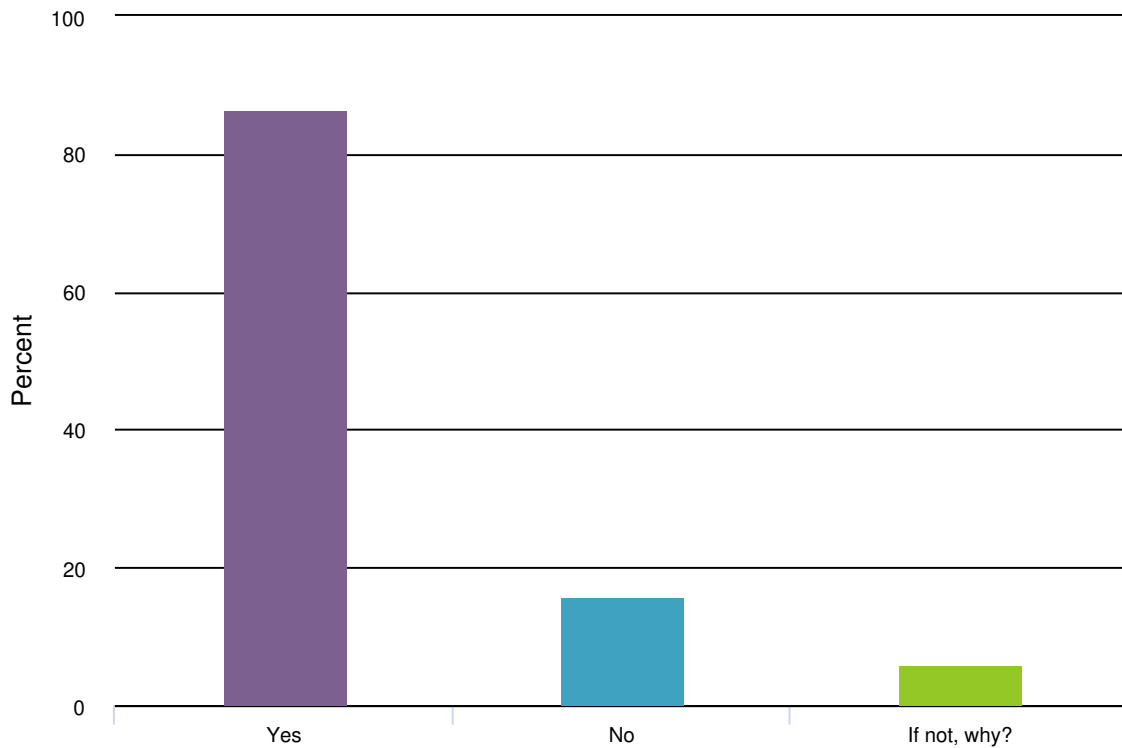
If yes, how?	Count
I think it's adequate	1
It makes sense. I would just like a way of knowing when other producers are leasing their quota out.	1
Perhaps to allow short term expanded flexibility in cases of disaster (i.e. barn fire).	1
So that any farms say under 10,000 birds per barn can utilize their space if they have room to fill.	1
Succession planning - time to sell the real estate without needing to sell the quota right away	1
see above	1
Totals	6

8. Do you currently participate in the TAP A program?



Value	Percent	Responses
Yes	19.2%	10
No	80.8%	42

9. Are you supportive of the TAP A program?



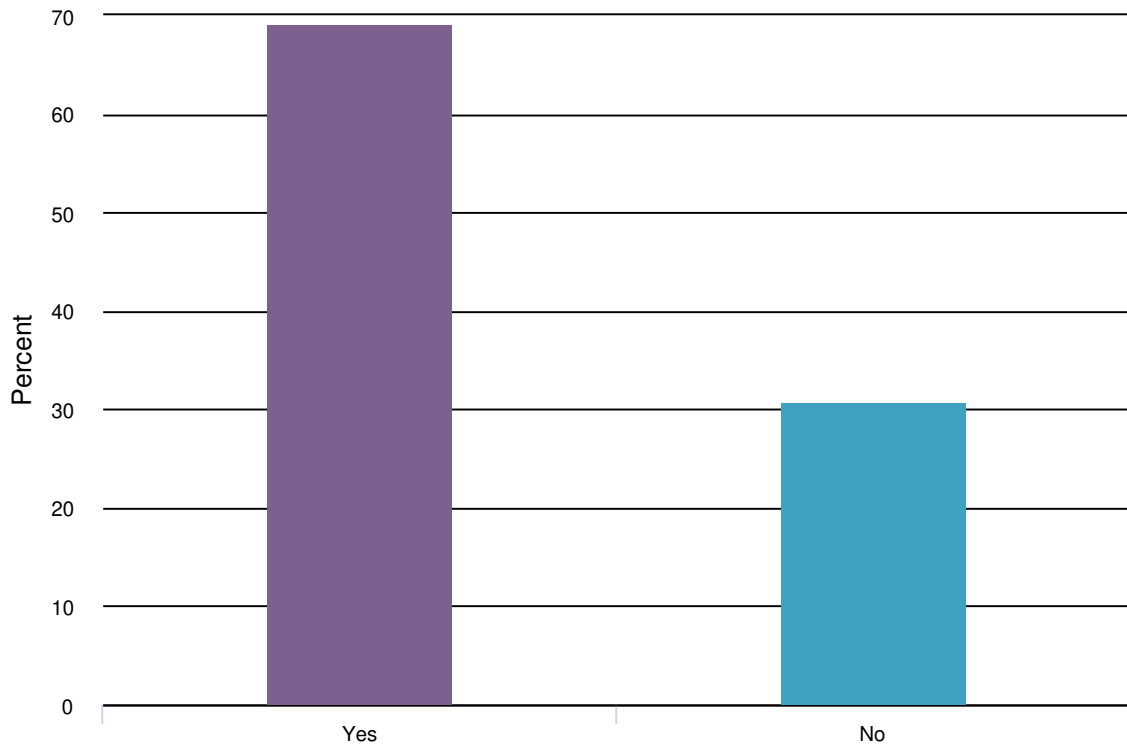
Value	Percent	Responses
Yes	86.3%	44
No	15.7%	8
If not, why?	5.9%	3



If not, why?	Count
New Entrants should be treated like any other producer. They have had so many beneficial programs awarded to them and its time start pulling back some of these benefits.	1
Pending if the rules for quota transfers change, where a percentage of quota from the sale has to be sold through the board, then this tool is no longer necessary as the small farms will be able to get growth through that method	1
Should be made available to all producers	1
Totals	3

10. What changes would you recommend to the TAP A program?

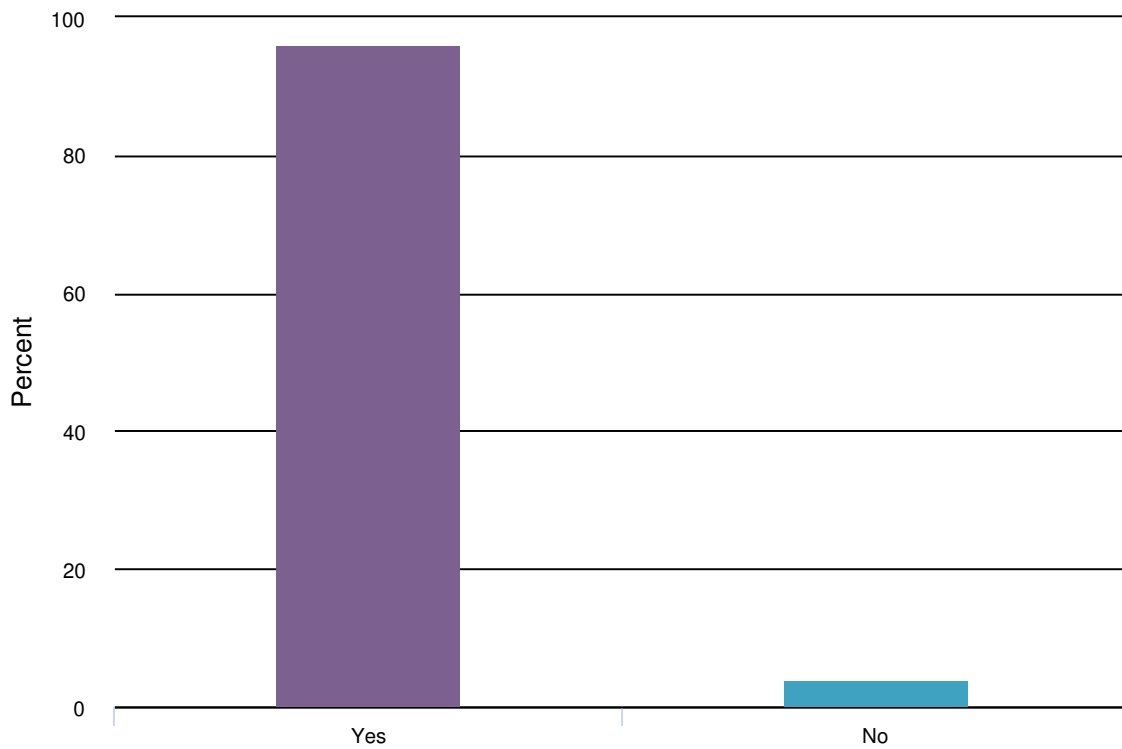
ResponseID	Response
10	None at the moment
12	Happy the way it is.
17	Should be made available to all producers
22	That the lease could be reevaluated more often then every 5 years
24	None
25	Remove Tap A and have one Tap program available to all.
29	Remove the program and include all producers in the same pool
30	The tap A program is an excellent program to support new entrants in the system. I would suggest that expanding the maximum amount to 2000 or 3000 would go a long way in supporting the new entrants. Perhaps the amount beyond 1000 birds could be matched to when new producers purchase on the exchange. To support them in investing in the industry.
33	As new producers, we are grateful for Tap A. Thank you!
38	None
44	Increase the amount.
50	Board needs to keep the grader and ultimately the seller of the eggs in mind and in the conversation , the bcegm sells NO eggs, the graders do
56	None

11. Have you participated in a TAP B program?



Value		Percent	Responses
Yes		69.2%	36
No		30.8%	16

12. Are you supportive of the TAP B program?



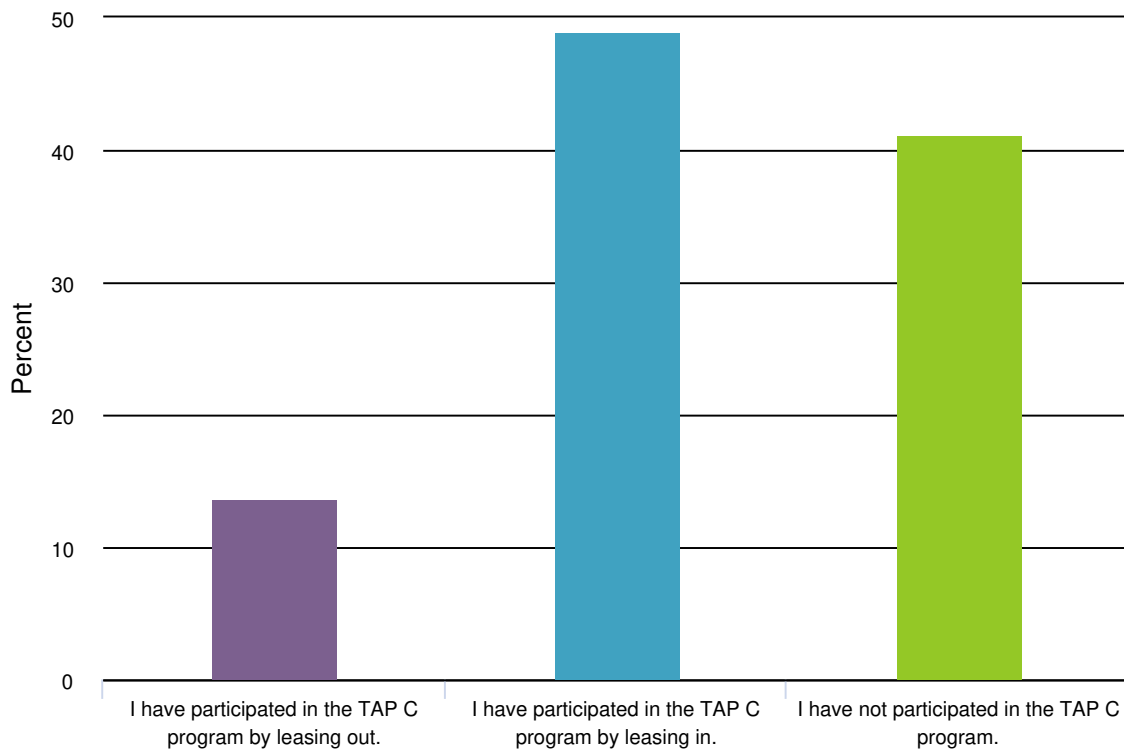
Value	Percent	Responses
Yes	96.0%	48
No	4.0%	2




13. What changes would you like to see to the TAP B program?

ResponseID Response

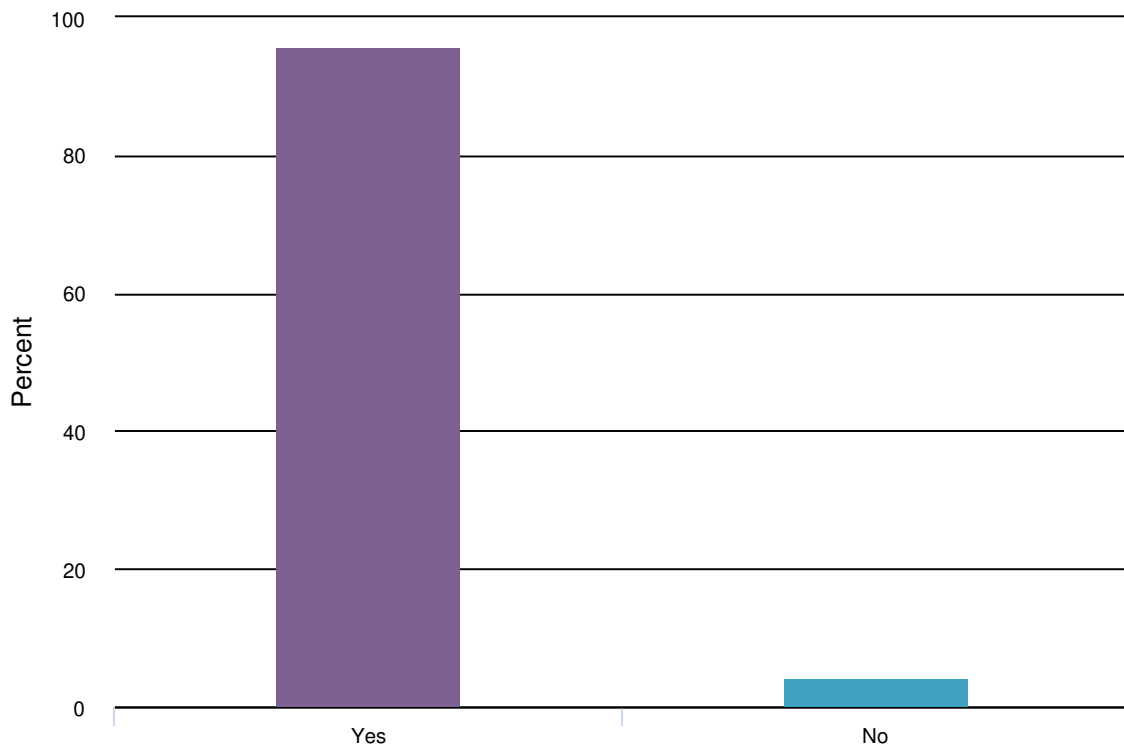
4	I think its ok
10	None at the moment
12	Happy the way it is.
24	None
27	Matt should get less
38	None
42	Mid year participation
50	Work with the market, not with the producer, because ultimately the market will decided what is needed, not the board nor the producer

14. Have you participated in the TAP C program?



Value		Percent	Responses
I have participated in the TAP C program by leasing out.		13.7%	7
I have participated in the TAP C program by leasing in.		49.0%	25
I have not participated in the TAP C program.		41.2%	21

15. Are you supportive of the program?



Value	Percent	Responses
Yes	95.9%	47
No	4.1%	2

16. What changes would you recommend to the program?

ResponseID Response

10 None at the moment

12 Happy the way it is.

24 None

29 Great program!

33 :)

38 Don't know

42 It should be producer to producers

44 Explanation of how the \$1 per months is determined.

51 Tap C could be used to remove producer to producer leasing. Could be used as a program that the producer that is leasing out makes some money. IE The producer that is leasing out makes \$.90 per bird per month and the board makes \$.10. That would make a fair playing field for all