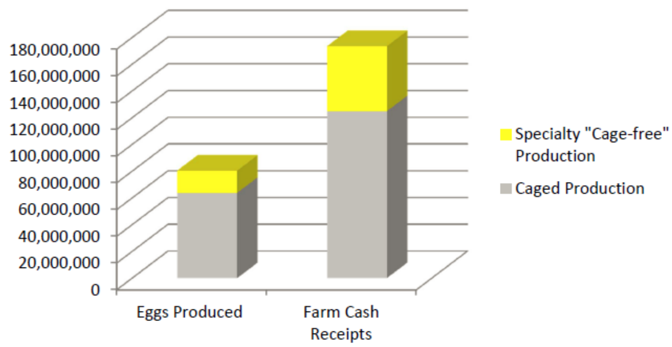
BC Egg Industry Snapshot

Industry Facts

- BC egg production is regulated at the provincial and federal level under supply management.
- In 2016, an estimated 3.1M layer hens produced over 80M dozen eggs on about 140 BC farms. Total production was valued at $173M.
- In 2015, BC's egg industry cash receipts represented almost 4% of BC farm cash receipts and 12% of farm cash receipts for Canadian eggs.
- BC is the 3rd largest egg-producing province in Canada and leads the nation in specialty egg production (free-range, free-run, organic).



In 2016, specialty constituted 21% of it BC's production and 28% of the industry's value

- A 2013 economic impact study showed that BC's egg producers and graders created 2,462 jobs, contributed $155M to Canada's GDP, and made $51.7M in tax payments to federal, provincial and municipal governments. Overall, the BC egg industry generated $466M in annual economic activity.
- The average BC egg producer holds over 22,000 in layer quota. The smallest producers holds approximately 1,700 layers (Vancouver Island) and the largest producer holds over 122,000 layers (Lower Mainland), both specialty and mixed.
- There are 9 BC graders. About 80% of BC eggs are graded by Golden Valley Foods (Lower Mainland).

	Lower Mainland	Interior	Vancouver Island
Producers	81%	12%	7%
Graders	2	5	2
Production	83%	1%	16%

- There is 1 BC processor (Vanderpols Eggs, Ltd) that uses approximately 16% of BC eggs to make value-added products.
- The BC Egg Producers Association (BCEPA) is a not for profit organization representing BC egg producer interests.

Industry Overview

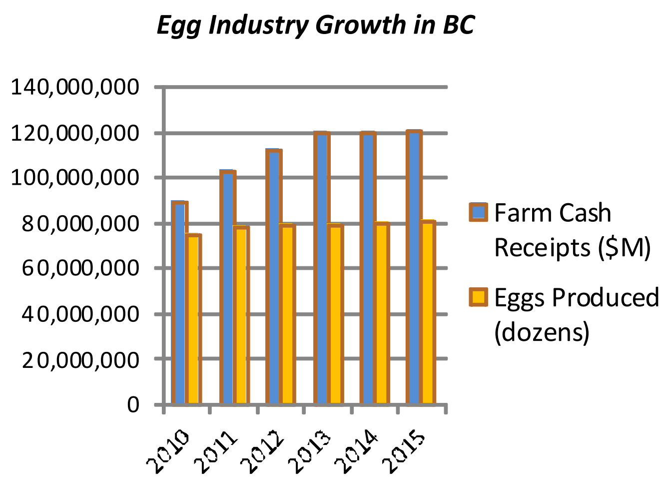
Growth

- Recent changes to dietary guidelines telling consumers that eggs are a healthy protein choice resulted in a surge in demand for eggs. The Canadian egg industry grew by 22.5% over the last 9 years, with the bulk of that growth happening over the last 4 or so years.
- As a result, BC's share of national egg production has grown by 400,000 layers in 4 years.
- Rapid growth in demand also comes with challenges. These include having adequate barn space to house new layers and how this growth in production opportunity should be distributed to existing and new producers.

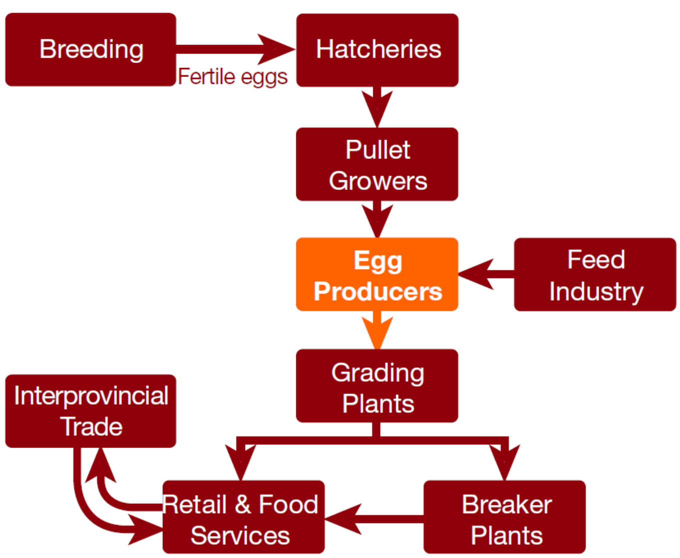
Free-range (left) and caged (below)

Consumer Trends

- Canadian retailers and food service outlets (e.g., Loblaws and McDonalds), along with their national associations, are driving the push to cage-free layer housing (specialty) within 10 years or less. It is more expensive to produce eggs in a cage-free housing environment.
- BC is ahead of the layer housing transition (21% cage free vs. 3-10% in other provinces) and faces challenges:
  - ◊ BC cage-free production is now outpacing demand for cage-free eggs. Consumers still want lower-priced eggs. Lower priced eggs are produced by caged layer housing facilities. As a result, BC is seeing a surplus of cage-free eggs.
  - ◊ Changing from caged to cage-free housing is costly. It is estimated that total producer capital expenditure in BC will be $700M.



Egg Industry Value Chain: 1. Breeder hens lay eggs that become egg-laying hens (layers); 2. Eggs are hatched into layer chicks (pullets); 3. Pullets are raised by "Pullet Growers" until they begin producing eggs; 4. Layers are sent to egg producers where they lay 25-27 dozen eggs over 12-14 months; 5. Eggs are sent to "graders". Table eggs are distributed to retail and food service outlets. Processing eggs are sent to "breaker plants" to become food ingredients (frozen, dried, liquid).



Sources:

* Agriculture and Agri-Food Canada; Statistics Canada
* BC Egg Marketing Board
* BC Ministry of Agriculture. "Fast Stats: 2015"
* Egg Farmers of Canada
* Grier, K. (2015). "The 2013 Economic Impact of the Poultry and Egg Industries in Canada".
* PWC. (2013). "Economic impact of British Columbia's dairy, chicken, turkey, hatching egg and table egg industries — 2011 update".

Industry Overview—continued...

Trade

- BC is a net importer of eggs from other provinces and other countries (predominantly the US).
- Under trade agreements, border controls were put in place to support supply management. 21.4M eggs may enter Canada at a low tariff rate. Over the last several years, this number was higher as Canada was under-producing domestic demand. Additional eggs can be imported at the low tariff rate if the importer can show domestic eggs are not available.
- The import of eggs to BC was reduced by about 68% between 2015 and 2016. This was due, in part, to a strong US dollar, along with improved rates of BC production.

Industry Governance

- Canada's egg industry is supply-managed. It operates under federal and provincial legislation and agreements.
- At the federal level, Egg Farmers of Canada is responsible for the orderly production and marketing of eggs in Canada and is supervised by Farm Products Council of Canada.
- At the provincial level, the Egg Board is the first instance regulator of egg production in BC under the *Natural Products Marketing (BC) Act* and the British Columbia Egg Marketing Scheme.
- The Egg Board is responsible for orderly production and marketing through promoting and regulating the production, transportation, packaging, storage, and marketing of eggs. It sets producer price.
- The BC Farm Industry Review Board is responsible for ensuring the Egg Board meets its responsibilities in an effective, strategic, and accountable manner that results in sound marketing policy.

BRITISH COLUMBIA

BC Farm Industry Review Board
www.gov.bc.ca/BCFarmIndustryReviewBoard
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