



October 16, 2017

John Les, Chair
BC Farm Industry Review Board
PO Box 9129 Stn Prov Govt
Victoria BC V8W 9B5

Dear Mr. Les:

PRIOR APPROVAL REQUEST – TEMPORARY USE OF RESTRICTED (“ONTARIO”) FUND – ADDITIONAL INFORMATION

The following is provided in response to the August 29, 2017 letter of the BC Farm Industry Review Board (BCFIRB), requesting further information regarding the subject.

Firstly, the BC Broiler Hatching Egg Commission fully appreciates that the “Restricted Fund” is to be used for the overall improvement of the hatching egg industry. Although not an “overall improvement” to the hatching egg industry *per se*, the temporary contingency measure outlined in our July 19, 2017 letter was proposed in the interest of the B.C. poultry sector as a whole. Ensuring that compensation is in place allows B.C. hatching egg producers to have confidence that enhanced surveillance and reporting can be effected while minimizing potential financial harm.

In answer to the questions in your August 29 letter.

1. The Avian influenza surveillance program is a joint Ministry of Agriculture/ BC Poultry Association initiative to specifically address the Avian Influenza (AI) 2014 “after action plan” recommendation for the BC Poultry Industry to have a thorough and meaningful surveillance program in place”. It is ready to be implemented as soon as the Commission can secure the contingency funding it is seeking through this proposal. Producer participation in this program is critical as they are the first line of defense – what occurs on their farms and what they observe can provide early warning. Finding ‘low path’ is important so it does not turn into ‘hi path’. It also shows places/ paths of vulnerability and risk that need to be addressed.

Hatching egg producers are not only particularly vulnerable because of a long age production cycle. Their bird value as “breeders”, not just ‘chickens’, has in the past been disputed and complicated the determination of compensation values. With the new joint Rapid Response Plan’s goal for destruction of an infected premise within the first 24 hours, we have a new stumbling block of compensation (who will pay for this early goal and how much). Previously the Canadian Food Inspection Agency’s (CFIA) destruction and compensation timeline was far longer, which delayed the destruction process.

Use of Commission funds to bridge any gap and avoid delay will remove this stumbling block to timely destruction. ALL poultry sectors are dependent on the Commission’s ability to address this unique scenario, as other sectors do not share the same difficulty in evaluation of their birds. International trade also requires surveillance testing, further underscoring the fact that this is not an optional activity. As a result of lessons learned in B.C.’s last event, the Ministry and industry have been very focused on surveillance as being a cornerstone to effectively responding to AI.



2. Again, a producer knowing that there are measures in place to minimize financial harm facilitates early reporting of a potential issue. As noted above, the surveillance program will be mandatory. Although not an exact science as the number and size of farms cannot be pre-determined, the Commission is modelling its calculations on an early-reported incident that involves 2-3 average sized hatching egg farms, with a key cost issue being compensation for destruction of their birds. Three farms based on past incidents and because the logistics involved mean that is the maximum number of poultry premises (of any kind but with breeders more susceptible) that could have their flocks destroyed during a general poultry sector early response. The Commission estimates that the costs for three breeder farms could be up to \$2.5 million. It is calculated that the Commission would likely have to cover \$1.5 million with the remaining balance potentially available from compensation from external sources. The \$1.5 million exceeds the \$655,000 currently available in the Commission's "Fund for the Unforeseen". As stated above, the intent is a rapid response to get an infected premise(s) contained and destroyed within 24 hours. This would be well before a declaration from CFIA triggering Federal compensation. Historically the latter has taken several days, sometimes up to a week, and compensation would not cover the interim period.
3. The Restricted Fund does generate interest but does not cover the shortfall identified above. Together, the Restricted and Unforeseen funds currently total \$1.85 million, sufficient to cover anticipated costs if an outbreak occurs this season.
4. The BC Chicken Marketing Board understands the Commission's position in making its proposal to BCFIRB. The Commission and the Chicken Board continue to examine building options, including constructing a joint facility. In the unlikely event that a suitable building does come available during the 2017/18 AI season, the Commission would have time and opportunity to secure a short-term mortgage to cover its share of building costs.

It should also be noted that the egg and turkey sectors are also aware of the Commission's efforts to secure contingency funding in support of the poultry sector surveillance program.

5. Presently, it is the Commission's intention to repopulate the Restricted Fund if there is a need to use it during the 2017/18 AI season. In a worst-case scenario, the combined money available in both the Restricted and Unforeseen funds would be largely depleted. The Commission would have to examine its overall financial position and options available to it in that event.

The Commission acknowledges the potential financial risk, which is the case with or without a new building and even as the Commission works toward increasing the Unforeseen Fund to a point where it is reasonable to rely on it as a standalone contingency fund¹. Good biosecurity, backed by an effective surveillance program supported by a compensation element is critical. Prevention is the objective and hopefully the issue of repopulating both funds remains a moot point.

¹ Compensation payable by the Commission would be over time. This would allow the Commission to secure additional funding by other measures such as special levies. Other offset funding will also be available in future through mandatory insurance. It is important to have a base level available for immediate use, including for 2017/18 when the poultry sector is implementing a surveillance program that you want hatching egg producers to be confident in supporting.



6. Simply put, a surveillance program is the cornerstone and of overarching importance to an early AI response. Initial compensation (without using the Restricted Fund after the 2017/18 season) will continue to be important for the reasons outlined above and in the Commission's July 19 letter. It is a bridge to when other measures come into effect (i.e., CFIA compensation). Mandatory insurance – about which the Commission understands BCFIRB has been updated – will assist in covering costs of cleaning and disinfecting (also important to do as soon as possible). Administrative penalties will be another tool to be used in supporting compliance with the surveillance and related biosecurity programs.

The Commission continues to work with the BC Broiler Hatching Egg Producers Association and other poultry industry stakeholders on biosecurity measures, including the programs identified above and others such as its recent initiative to address the movement of spiking males between hatching egg farms. All are important and all come at a cost to industry. The Commission would appreciate BCFIRB's support in making the Restricted Fund available on a contingency basis so that producers can be assured that adequate compensation is available should the need arise in the 2017/18 season.

Yours truly,

A handwritten signature in black ink that reads "J. Collins". The signature is written in a cursive style with a large initial "J" and "C".

Jim Collins
Chair

cc: Bryan Brandsma, President - BCHEPA
Bill Vanderspek, Executive Director- BCCMB
BCBHEC website