



May 19, 2017

Asian Breeder Producers

RE: Draft Pros and Cons Discussion Document – Review of Asian Breeder Regulation

The following is provided in accordance with the Work Action Plan issued March 9, 2017 and further to the Commission's update of April 18, 2017.

The subject of specialty regulation by the Commission has a long and complicated history, as the Commission itself was reminded of during its recent meetings. The subject of Asian Breeders alone spans several years (and changes to Commission composition) with the Commission and parties also having amended their positions over time.

After reviewing the history of this matter and submissions received to date, it was determined that one way to bring focus to this review was for the Commission to step back and outline some regulatory options and discuss perceived pros and cons to those options. These basic option outlines and potential pros and cons are attached in draft form.

The Commission itself still has questions – practical, policy, legal – about the pros and cons it has identified so far and their potential implications. However, we find it useful to allow all interested parties time to consider these (and think about theirs) before the face-to-face meetings scheduled for May 30 and 31, 2017. Those meetings and the submissions due by June 5, 2017 will assist the Commission in finalizing its formal recommendations to the BC Farm Industry Review Board on June 12, 2017.

There must be effective regulation in place that ensures a safe supply of product in a system that protects the interests of producers and other stakeholders while maintaining a degree of flexibility and opportunities for growth and innovation. The Commission has thought about how it might construct such a system based on a pros and cons approach. We look forward to the hearing from others as to what they see as the pros and cons to each approach and their suggestions as to an effective regulatory structure.

Please address any questions to the Commission office.

Yours truly,

A handwritten signature in black ink that reads "J. K. Collins".

Jim Collins
Chair

Enclosure

Asian Breeder Options Review:

Food Safety / Biosecurity and Premise ID Programs are non-negotiable in any option.

Option 1: "Full" Regulation

Possible Pros	Possible Cons
Quota is allotted to Asian breeder producers with rights and responsibilities	Rigid controls with minimal flexibility – obligation to produce
Pricing controls / protection – Commission sets minimum through a COP	Production controls – variability is an issue with such a small group of averages/different markets/different business models (applies also to regulations more generally – regulatory burden)
Orderly marketing – Flock schedule of sorts	Capping of production within national/provincial allocation systems
	Innovation and Diversity challenges to the Producers not all "specialty" is the same
Established Food Safety and Biosecurity Programs to be enforced	Are all existing/new required programs or processes sustainable due to the cost of regulation (e.g., levies on specialty/new producers to support programs to offset direct costs)?
BCBHEC SMAC	Redundant to BCCMB SMAC?
New Entrant Program	Determining allocation of growth between existing and new entrant producers, transfer assessments to fund new entrants if no growth
All current BCFIRB quota tools are in place -10/10/10 and LIFO	All current BCFIRB quota tools are in place -10/10/10 and LIFO
Template for new genetic inclusions/precedent for future "specialty"	Template for new genetic inclusions/locking in precedent for future "specialty"
Eligible to run for the BCBHEC Potentially eligible for Association membership (if Association changes bylaws)	Non-allocated growth is directly related to buying more quota by individual producers
Degree of regulation contemplated in 2005 Review National Allocation compliance/National levy attached to reporting	Establishing "full" regulation locking in precedent for future "specialty"?
Hatchery regulations fully enforced to ensure consistency/proper reporting	Costs associated with hatchery regulations, flexibility implications
	Competitive disadvantage with other provinces in future?
	Impact on export development in view of national allocations, licensing, etc.? Trade implications?
	Barrier to future new entrants (producer and processor)

Asian Breeder Options Review:

Option 2: Exemption Permitting with Limited Regulations

Pros	Cons
Increased flexibility to meet market demands without obligation to produce to/limited by quota	Permits instead of quota are allotted to Producers
No production controls necessary as production based on market/agreement with processors. Including as determined by BCCMB SMAC/subject to national allocation	Enforcement may be more challenging – potential admin/levy costs
COP price still possible or guaranteed minimum BHE price (as per Ontario) – price protection	Production controls not as stringent as with Official Flock Schedule (generally and in terms of producer protection)
National levy but possibly reduced provincial levy required to support “full” regulation/new programs?	Still subject to national and (possibly reduced) provincial levies for such programs as food safety, biosecurity, COP development, other direct costs
Ability to maintain current innovative and diverse ways-virtual hatcheries, genetics, etc. meets those 2005 policy objectives	Levy related to less regulations still expensive for a small sector – impact to the growers and processors?
Collection of data to build information for possible future regulations/template for other “specialty”	Less barriers to entry into sector
Increased flexibility for new entrants but subject to some regulatory controls	More limited access to BCBHEC programs (especially without funding via levies)
Protection of producers via mutually acceptable agreements (BCCMB BC101 model) between stakeholders backed by BCBHEC regulatory oversight re predatory actions	
Duplication of BCCMB/BCBHEC regulation reduced	No BCBHEC SMAC
Good business relationships via contracts	
Monitoring of BC and other Provincial allocations to gauge response to competition	Hatchery regulations require fine-tuning to accommodate specialty management/reporting
Export Market risk responsibility of the Asian Breeder producer/les trade implications?	
Eligible to run for BCBHEC – TBC, definition of registered producer	
Potentially eligible for Association membership if bylaws changed	
Permits could be transferrable subject to BCBHEC criteria	

Asian Breeder Options Review:

Option 3: Exemption with an MOU with BC Chicken Marketing Board as the de facto Regulator

Pros	Cons
BCCMB already controls and manages the product through their current quota structure and their separate specialty allocation.	Management of supply challenges – domestically and export?
BCCMB SMAC already in place	Implications in future for Hatching Egg Producers more generally re BCCMB/BCBHEC relationship
Export market risk is the sole responsibility of the Asian Breeder producer	No Association/Commission membership
Minimal duplication of regulation	National allocation/levy implications
BCBHEC minimum pricing still possible	

Option 4: Exemption Permitting with the Exception of Food Safety / Biosecurity and Premises ID Programs

Pros	Cons
Flexible to meet market demands without obligation to produce	Management of supply challenges
No production controls necessary	Pricing challenging
	No active information exchange to assess future regulatory requirements (or not)
	Completely at odds with 2005 review objectives
Limited levy to cover regulation enforcement of Food Safety and Biosecurity audits	No Association/Commission membership
Ability to maintain current innovative and diverse ways-virtual hatcheries, genetics, etc.	National allocation/levy implications?
Export market risk is the sole responsibility of the Asian Breeder producer	