



2019 Annual Report



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BC Broiler Hatching Egg Commission

OUR VISION

It is through cooperation with industry stakeholders that our greatest successes will be derived.

OUR MISSION

The mission of the British Columbia Broiler Hatching Egg Commission is to oversee the production activities of the BC Broiler Hatching Egg producers and regulate the marketing of their product and to act as a leader for the BC Broiler Hatching Egg producers in dealing with other participants in the chicken meat industry, with stakeholders in the national marketing scheme and with provincial and municipal government bodies.

OUR PURPOSE

As a part of the chicken supply chain provide fair and sustainable orderly marketing in the BC Hatching Egg sector.

OUR BIG, HAIRY, AUDACIOUS GOAL

BC Broiler Hatching Eggs is the leader of the chicken industry in Canada.



MESSAGE FROM THE CHAIR

2019 continued to present challenges for the Commission and the BC hatching egg sector. Recognizing that many of these challenges arose from issues affecting all BC chicken industry stakeholders, the Commission concluded that the *status quo* was not sustainable for our industry in the longer-term. Issues important to the future of the BC industry (value chain efficiency, cost reduction, disease management and others) remain unresolved because pricing disputes dominate our decision making and our time. Yes, pricing is critical to all stakeholders, but we must re-double efforts to find a new approach to pricing that enables the BC industry to move forward.



A new approach to pricing includes the Commission and the BC Chicken Marketing Board working with our western counterparts and continuing to push Canadian Hatching Egg Producers and Chicken Farmers of Canada about systemic pricing issues nationally. While committed to improving pricing for stakeholders in the BC hatching egg sector the Commission also believes that a value chain approach to pricing, incentivizing efficiencies and managing costs would benefit all in the BC industry.

BC processors, growers, hatcheries and hatching egg producers have built a wonderful BC industry. Let's use some of that combined talent to keep it successful well into the 21st century. With the Chicken Board, the Commission has embarked upon a strategic visioning and stakeholder engagement initiative to identify the priorities and objectives needed to realize this goal. The Commission and the Chicken Board have already discussed potential, substantive changes to the regulatory framework for the BC Chicken sector. We hope this willingness to accept and respond to change will encourage our industry partners, allied trades and government to do the same for our industry.

This year, representatives of the Chicken Board, the BC Broiler Hatching Egg Producers' Association and the BC Egg Hatchery Association were invited to participate in the Commission's strategic planning session. Their input was invaluable in identifying priorities for the hatching egg sector. We will be working together in 2020 to address production management issues and efficiencies, including the quota allocation system, better reporting, proactive production management and handling SE.



Although 2019 was a demanding year for the Commission operationally, a number of strategic objectives were achieved. The new national Animal Care Program was successfully implemented in BC. Effective measures to monitor and control the movement of spiking males were also put in place. Progress has been made in integrating Asian Breeder producers into the provincial and national regulatory frameworks. As well, the Commission worked with the hatcheries to implement the new Hatching Egg Reporting System, which now will provide for more timely and effective production management. Issues large and small continue to be managed daily.

My thanks again to members and staff of the Commission and their dedication to hatching eggs. They work hard supporting all stakeholders and are not afraid to make and execute difficult and challenging decisions. I also continue to value my ongoing communication with all stakeholders. Even when we sometimes have a frank exchange of differing views... continuous learning takes many forms!

Let's make 2019 a steppingstone to 2020 being a turning point for the BC industry.

Jim Collins, Chair
BC Broiler Hatching Egg Commission



CANADIAN HATCHING EGG PRODUCERS' PROVINCIAL REPORT

2019 saw a new three-year strategic plan launched for CHEP that has focused on improving system performance, support for supply management, collaboration with our partners, governance and sustainability. CHEP will also now be developing annual strategic priorities that build upon the strategic plan. This will serve to focus the efforts of the organization to deliver on the key result areas contained within the plan while being responsive to changing external pressures.



From a production standpoint, there were gains to quality, hatchability and production capacity which translated to robust production across the country. This resulted in almost all CHEP provinces having met or exceeded their provincial allocations in 2019. While genetic improvements and changes to the meat to egg ratio helped contribute to this, all our producers should be commended for their efforts in achieving this production growth.

On the trade front, the Canada - U.S. - Mexico Agreement (CUSMA) was once again active as additional aspects related to labour and the environment were negotiated in order to receive support from the U.S. Democrats. However, no additional changes were made that would impact agriculture and the ratification process is expected to once again move forward in both the U.S. and Canada in early 2020. Over the course of 2019 Canada was also in negotiations with Argentina, Paraguay, Uruguay and Brazil (Mercosur) on a free trade agreement. While these negotiations remain at an early stage, CHEP has been closely following them in order to ensure that no additional concessions are made. We cannot accept any more incremental access to the broiler hatching egg, chick and chicken markets.

The Federal Budget also saw funding earmarked to compensate supply managed producers for the impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). CHEP, with our poultry and egg counterparts was hard at work to support AAFC in revising its impact assessment of the agreement to arrive at a far more accurate representation of the impact it will have on Canadian producers. CHEP was also actively in contact with federal officials to advance this file and to get to an announcement of a package. However, it was not achieved prior to the 2019 federal election so we expect to continue this work into early 2020.

Over the course of 2019 CHEP has also worked hard to address potential threats to the supply management system and has actively developed and considered proposals to make improvements system performance and governance at the national level. This work remains ongoing.

Antimicrobial use and resistance (AMU/AMR) remained a hot topic with industry and government throughout 2019. CHEP continues to administer the AMU survey to provide an indication of the types and amounts of products being used. CHEP has also contributed to the consultations that CFC has held on the removal of Category III products for chicken producers and the impact this could have on hatching egg producers.



CHEP was pleased to see the launch of the third Canadian Poultry Research Cluster in 2019. Ammonia continues to be a research focus for CHEP and a research project with the University of Guelph has been lined up to begin in early 2020. Work on pathogen reduction continues with government departments and our value chain partners taking a keen interest. A number of working groups continue to advance this file and CHEP has done some work to develop a *Salmonella* enteritidis testing and response framework in consultation with provincial boards to provide greater assurance to the value chain and to prepare for changing requirements with a future update to the *Hatchery Regulations*.

In 2019 CHEP launched the Animal Care Program (2019) which represents a significant milestone for the industry, thus providing greater assurance to the value-chain, government and public of the high animal welfare standards that hatching egg producers follow. Based upon the animal care codes of practice, training for producers and auditors continued to take place in 2019 and all CHEP provinces were conducting on-farm audits by the summer of 2019. The ACP is an important tool that both drives continuous improvement and provides the verification to others of the strong commitment that hatching egg producers have to animal welfare.

BCBHEC STAFF



Left to Right

- Liam Ritchie, On-Farm Technician
- Joshua Crossett, Manager, Finance & Production
- Stephanie Nelson, Executive Director
- Naylene Thompson, Office Administrator
- Kaitlyn Loewen, On-Farm Program Coordinator
- David Antemir, Controller

Not Pictured

- Barry Harder, Transporter
- Chris Richard, Quality Assurance

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BCBHEC BOARD OF DIRECTORS



Jim Collins
Chair



Joe Neels
Vice Chair
Banford Breeders Ltd.



Allan Mulder
Gifford Poultry Ltd.



Beata Kunze
VB Kunze Farms Ltd.



Calvin Breukelman
Prairie Lane Farms Ltd.



ON-FARM TEAM REPORT

CHEQ AUDITS

BC Hatching Egg Producers continue to implement the CHEQ™ food safety program. Producers kept on schedule for audits in 2019. Corrective actions were completed in a timely manner and all producers are 100% compliant. Due to the addition of the Animal Care Program, both programs have moved to a 15-month cycle.

BIOSECURITY AUDITS

In 2019 BC Hatching Egg Producers are committed to their biosecurity procedures. Many producers have set biosecurity measures that went above minimum standards. Our producers maintain 100% compliance in the BC Biosecurity program. Producers are encouraged to keep maintaining biosecurity standards and a high level of premise cleanliness.

ANIMAL CARE PROGRAM

Animal Care Program training sessions ran in the spring of 2019 for our mainstream producers. The audit cycle launched in August of 2019. A new and key addition to the audit process is the barn walk component that is randomized. The On-Farm Team is pleased with the new audit program.

BARN SPECIFICATION UPDATES

To create a smooth roll-out of the Animal Care Program, the On-Farm Team has been collecting barn specifications of all premises. Barn specification updates began in 2019 and will be completed in the coming year. These barn specifications include square footage, make and models of all equipment, number of feeders, number of waterers and number of nest boxes. Together, these specifications determine the new stocking density requirements under the Animal Care Program.

ASIAN BREEDER PRODUCERS

The Asian Breeder Producers are up to date on all schedule 5 programs. There will be Animal Care Program training sessions provided to them in the upcoming year.



SPIKING MALE TESTING

The On-Farm Team has been providing spiking male testing for all mainstream producers. Producers are taking advantage of this new resource to enhance biosecurity in our sector. The Commission will continue to provide funding for these tests in 2020.



Kaitlyn Loewen
On-Farm Program Coordinator



Liam Ritchie
On-Farm Program Technician

MESSAGE FROM THE PRODUCERS' ASSOCIATION PRESIDENT



“Pricing” would have to be the word of the year this year. A lot of the focus of the Producers’ Association, alongside the work of the BCBHEC, was focused on trying to either increase the size of the pie or getting a bigger piece! Each year in this industry provides new and challenging opportunities, to say the least! As your association, we worked hard to represent the producer body on a number of committees addressing many aspects of our industry.

Art, Angela and I continued to represent Producers at an active PPAC. At the forefront of these meetings was current issues surrounding pricing and COP. Obviously better pricing for our product was important. It was encouraging to see the changes in linkage, effected by the Commission, increase our saleable chick price. We also focused on and recommended that a *minimum* processing age be established at 59 weeks. This would enable producers to more efficiently manage their flocks and farms, and plan on an expected return on investment. Furthermore, we recommended that the Quota Task Force be re-established. Perhaps a different method in how we allot our quota could also help producers manage their farms more efficiently, and “flatten out” the peaks and valleys of egg flow. This was discussed further at Producer meetings and met with some polarizing views. The goal of course, is to get the most eggs out of each hen, however that may be! Art’s dedication and drive to fight for any sort of efficiencies and improvements when it comes to recapturing our COP has been noticed at this committee level; producer interests are well represented. I would also like to recognize the hard work and dedication to this task of pricing put forth by our Commission Board, Commission Chair Jim Collins and Commission staff.

We welcomed Wayne DeJong as a director this year and appreciated the way he stepped right into his role as an association Director, but also in representing the BC Poultry Association at the BC Ag Council. Wayne’s years of farming experience and forthright thinking have made him a valuable contributor to furthering the interests of the poultry industry and Hatching Eggs.

Angela’s continued work in the industry also has not gone without notice, and she was recently nominated to renew her fine work as a poultry industry representative at Investment Ag Foundation. She also continues, along with Sandra Lepp, to work alongside the BC Chicken Growers in managing the Poultry in Motion Trailer. Again, this has proven to be a productive tool in educating the public about the excellence in chicken farming in BC, and we are proud to have hatching egg interests effectively represented.



One would be remiss to not mention the incredible work of Sandra Lepp with regards to the hatching egg industry and specifically the Producers' Association. Her bookkeeping, logistical skills, organization, hard work, dedication and professionalism are noted and appreciated.

The illegal and invasive acts of animal activists this year also captured much of our attention. Much discussion and information gathering was done and relayed to producers on how to protect one's farm from an incursion, and what to do if one occurs. At the BC Poultry Association level, a lobbying push to government was made to enact tougher laws that will protect farmers and deter on farm activism. This proved to be effective, and we look forward to more assurances from Government to protect farmers' right to farm.

On a brighter note, in June we held out 4th annual "Chicken Golf" Tournament in support of two local charities. This year saw tournament exposure grow again, and together with the BC Chicken Growers Association, we ran a very successful tournament, raising over \$40,000 towards the Abbotsford Food Bank's Starfish Backpack program, and the Cyrus Centre! This not only helped raise money for two great causes, but also was a great platform to continue to get our name out to the general public. Thank you to all who came out for it and supported it!

The Hatching Egg Producers' Association is, again, well represented and respected within the poultry industry. It is my privilege to be a part of it. I look forward to the upcoming year, the challenges it may present, the successes, and the great people of the poultry industry I will be able to work alongside.

Bryan Brandsma, President
BC Broiler Hatching Egg Producers' Association



ERT FUNDS REPORT

The BC Broiler Hatching Egg Commission (“Commission”) holds funds on behalf of the Emergency Response Team (“ERT”). The funds comprise contributions by the BC Egg Marketing Board, BC Turkey Marketing Board, BC Chicken Marketing Board, and the Commission. The funds are restricted to expenditures relating to Avian Influenza by the ERT.

At December 31:

	<u>2019</u>	<u>2018</u>
Cash	<u>\$ 129,931</u>	<u>\$ 128,975</u>

Year-ended December 31:

	<u>2019</u>	<u>2018</u>
Contributions	\$ 0	\$ 0
Interest	\$ 956	\$ 544
Expenditures	<u>\$ 0</u>	<u>\$ 0</u>
Net	<u>\$ 956</u>	<u>\$ 544</u>

COMMITTEE REPORTS



BC Poultry Association - 2019 Year in Review

The purpose of the BC Poultry Association (BCPA) is to lead the regulated BC poultry associations on common issues that strengthen and improve the well-being of regulated poultry farmers.

Current BCPA directors

- Directors are appointed by the four member associations; each association appoints their chair and one other director. The association represented by the Chair appoints an additional representative.
- In addition, each Marketing Board/Commission appoints one producer director representative to the BCPA. These positions are *ex-officio* and non-voting.

Name	Sector and position on BCPA
Steve Heppell	Turkey, Chair
Bryan Brandsma	Hatching Eggs, Vice Chair
Dale Krahn	Chicken
Fred Redekop	Chicken
Mark Siemens	Eggs, Treasurer
Dan Kampen	Eggs, Emergency Operations Centre Director
Angela Groothof	Hatching Eggs, IAF rep, Centre for Governance in Agriculture
Steve Froese	Turkey
Stan Thiessen	Turkey, SPFG Chair
Allen James	Environment rep - nonvoting
Beata Kunze	<i>ex-officio</i> , Hatching Eggs
Ray Nickel	<i>ex-officio</i> , Chicken
James Krahn	<i>ex-officio</i> , Turkey
Matt Vane	<i>ex-officio</i> , Eggs

Other Poultry Committee Appointments

- Wayne Dejong - BC Agriculture Council poultry representative, biosecurity committee
- Hester Mulder - BCAC's public trust committee
- Chris Vanrietschoten - BCAC's labour committee

Meeting Highlights

- The BCPA had five director meetings.
- The Chair and Executive Director from IAF attended a BCPA director meeting as part of their member outreach and engagement strategies.
- BCPA approved producer contact information placed on the PID system.
- BCPA wrote a letter to the BC Ministry of Agriculture in support of mandatory PID.
- BCPA participated in an activist round table sponsored by the BC Ministry of Agriculture
- BCPA approved an avian influenza surveillance project led by the provincial vet lab
- BCPA met with BC Ministry of Agriculture and Ministry of Environment staff regarding the new Agricultural Environmental Management Code of Practice. Several problem areas were identified; most were addressed.
- BCPA directors attended and participated in BCAC's Ag Day in Victoria

Biosecurity Committee

The 2007 biosecurity manual was reviewed and reprinted. At the same time the Auditor checklist was revised.

Emergency Operations Centre (Avian Influenza)

The Section Chiefs from the poultry Emergency Operations Centre held three quarterly meetings in 2019 and one meeting that was open to the entire committee. The goal of these quarterly meetings to advance the poultry sector's preparedness for a possible avian influenza outbreak.

As of September, the EOC has a new director; Dan Kampen is now the EOC director. Allan Cross returned from his year off the EOC to be the back-up director. Marvin Friesen has a year off the EOC after being the director last year. The EOC would like to thank Marvin for his great leadership the past year.

To further communication and teamwork, senior regional CFIA staff were invited to participate at all EOC section chief meetings. Industry section chiefs, BC AGRI representatives and CFIA all attended this meeting.

To address the changes in the laying sector, CFIA staff were given a tour of a new style layer barn. The tour was followed up with the poultry association chairs providing sector overviews to CFIA staff. The session was broadcast to CFIA staff around the province and recorded for future viewing. These poultry 101 presentations prepare CFIA staff for the differences they will encounter between each poultry sector during an AI outbreak.

The four poultry boards/commission signed an MOU with BC AGRI for an advanced mapping process to speed up the process during an outbreak. This cooperation between the boards



and AGRI will significantly reduce the time to generate maps and determine the number of farms and birds within various zones during an outbreak. At the November Emergency Operations Centre meeting; a live demonstration of the mapping system showed that maps and producer lists of farms within one, three and ten kilometer of an infected premises could be generated in eight minutes. A huge time savings during an outbreak.

A customized Poultry Emergency Response Plan (ERP) binder was developed based on the work the BC poultry sector has done around AI over the past years. The new binder is less than a third of the previous ERP binder; the bulk of the more transitory documents were moved to the Google Drive. The new binder is divided into four chapters focusing on roles and responsibilities, preparedness, response, and recovery. The appendices include three new items that will be very useful in an outbreak - a list of acronyms, a glossary and position checklists.

The contractors also reviewed and updated all the documents on Google Drive. The Google Drive has evolved to an important companion to the ERP binder with over two hundred documents. The benefit of storing documents on the Google Drive is that they can be accessed by team members anywhere and it's easier to update transitory documents such as contacts. Documents are filed under the incident command structure - EOC director, operations, logistics etc.

The Protocol #2: On-Farm, In-Barn Biological Heat Treatment (BHT) of Materials Potentially Infected with Avian Influenza was completed. The protocol has been accepted and signed off by the signatories of the FADES plan (AGRI, ENV, HLTH, and CFIA). As of this point, the Protocol #2 is in effect and will be used in future avian influenza outbreaks when in-barn BHT is used.

Ready infected premises kits are located at each Board office and one in the Okanagan and one on the Island. The kits will speed up the response process and readiness for the first infected premises in the Fraser Valley and two regions.

The annual flu shot reminder letter was sent out

Rapid Response

Allen Knowles replaced Randy Friesen as the industry lead for rapid response. Sandra Lepp continues to coordinate the rapid response teams and works to verify membership and team status.

Surveillance

Approval was given to implement an enhanced AI surveillance project at the provincial vet lab starting in December. Early detection of AI should help minimize the spread of AI.

Sustainable Poultry Farming Group - 2019 Annual Report for Associations



The Sustainable Poultry Farming Group (SPFG) is an industry-led organization that has representation from BC’s four supply managed poultry sectors - hatching eggs, broilers, turkeys and table eggs. SPFG is a committee under the BC Poultry Association (BCPA). SPFG provides the coordination and the voice for the supply managed poultry sectors to promote sustainable and environmental farming practices and the implementation of innovative management technologies. SPFG is poultry farmers and industry working together to proactively address issues that affect BC’s poultry sector. The SPFG’s focus is the long-term sustainability of the BC poultry sector.

Current directors are:

Stan Thiessen, Chair	Turkey and BCPA
Angela Groothof	Hatching Egg
Brian Whitta	Chicken
Hester Mulder	Eggs

SPFG received one request for funding in 2019. The current projects are listed below. Total funding for the year was \$37,100.

2019-01 - Poultry in Motion Educational Barn III - Vancouver Island

SPFG received a request to provide partial funding for a new Poultry in Motion trailer. These are custom built educational mini barns that are mounted, fully operational and consist of three sections with live birds at different ages (day old chicks, broiler chickens and parent stock).

The Program’s objectives are three-fold:

1. Increase public awareness and understanding of hatching egg and broiler production, family farming, food safety, nutrition, animal care and biosecurity;
2. Making students and teachers aware of our actual growing practices and the programs that we have (OFFSAP, Bio-security, Animal Care) and change their perception of how chickens are raised, i.e. contrary to public belief chickens are not raised in cages and are not fed hormones. Chickens are free-run and have free access to feed and water.
3. Improving consumer confidence - Canadians have become increasingly conscious of where their meat is coming from and how it is produced. Our program shows that



Canadian chicken farmers are proud to grow safe, quality chicken consumers can trust.

Target audiences for the Program include elementary, middle and high school students and teachers, as well as the general urban public.

To accommodate the increased demand in both the Lower Mainland/Fraser Valley and on Vancouver Island, and to eliminate expensive ferry costs, the Chicken Growers Association, along with the BC Broiler Hatching Egg Producers' Association, have decided to build a third custom built trailer designated to Vancouver Island. This of course, comes with a substantial cost both for the construction of the trailer as well as operational costs as a result of the increased number of bookings. The Program is provided at no cost to schools and agricultural fairs, so apart from occasional funding opportunities the Program does not generate any revenue.

2018-05 - Aerobic Digestion of Spent Hen Hydrolysate

They have secured matching funding and the project is expected to start shortly.

They are proposing the aerobic digestion of spent hen hydrolysate (from thermal hydrolysis) to produce microbiologically rich field and greenhouse plant nutrient solutions.

Thermal hydrolysis is a Canadian technology developed to process risk animal by-products and carcasses, and is designed to destroy all pathogens, diseases, viruses and TSE's, (transmissible spongiform encephalopathy) including bovine spongiform encephalopathy aka mad cow disease.

The easily scalable technology is approved by the OIE (World Organization for Animal Health) and is certified by CFIA (Canadian Food Inspection Agency). A commercial biorefining plant in Lethbridge, AB, processes 30 tonnes per day of primarily bovine material, and the technology holder, Biosphere Technologies, has a mobile pilot unit which processes half tonne batches. The process involves grinding the feedstock (the project would utilize spent hens) then processing for 40 minutes at 180° C and 1,200 kPa in a high-pressure reactor thereby destroying all pathogenic agents but retaining the valuable nutrients.

The end result is a liquefied hydrolysate version of the starting feedstock [where fats, muscle, connective tissue and bones are broken down into complex calcium rich solutions of proteins, carbohydrates and lipids]. To create organic fertilizers for hydroponic growers, these complex solutions must first be aerobically (microbially) digested in order for plants to use them as a nutrient source. The project will utilize the aerobic digestion process developed by Alberta Agriculture and Forestry that was funded in part by SPFG funds.



The complex nature of the hydrosylate solutions requires modifications of the existing aerobic digestion process. The project will demonstrate greenhouse techniques to utilize the resulting nutrient solutions to grow plants with and without water recycling. The project will also pursue organic certification of the nutrient solutions.

2016-06 BCAC's Public Trust Initiative

Becky Parker continues to manage the program. Key activities for 2019 were:

- Public Trust Outcomes Document - Prepared report outlining performance on key program goals in the 2017-2019 pilot period. Report was sent to BCAC members for feedback.
- Educators Agriculture Tour (EAT) - a two-day farm tour for BC educators
- CHAT training - on-going training for producers and associations
- Pacific National Exhibition - Collaborated with Ministry of Agriculture to contribute to the content of the "Journey of B.C." food exhibit
- We Heart Local BC - Ran a successful summer Instagram campaign reaching over 52,000 people online and resulting in a 6% increase in Instagram followers and 220 giveaway entries.
- Education and Career fairs across lower mainland, Okanagan and Vancouver Island (with over 10,000 attendees)

Moving the project forward

- Proposed public trust action plan 2020-2024 - circulated to BCAC members for comment and feedback. The report highlights the following key successes which were achieved in the pilot period:
 - Goal 1 Improve producer confidence to engage consumers in matters of public trust
 - Goal 2 Increase public knowledge and confidence in BC agriculture and food system
 - Goal 3 Identify current level of industry standards and assurance system adoption in BC agriculture and food sector
- Member feedback collected from that report indicated support for the continuation of the public trust work being led by BCAC.
 - 75% say the pilot phase of the public trust initiative met their expectations
 - 75% agree that BCAC's public trust initiative amplifies the action of individual commodity groups
 - The majority of respondents believe that the core activities (e.g. CHAT training, farm tours, consumer communication) were "effective" or "very effective"



- The majority of respondents indicated they supported a slight reprioritization for future public trust activities that ensures proactive public outreach to consumers is our top priority:
 1. Increase public knowledge and confidence in BC agriculture and food system
 2. Improve producer confidence to engage consumers in matters of public trust
 3. Identify the current level of industry standards and assurance system adoption in the BC agriculture and food sector

Other activities

1. SPFG met Heinz Waste Management Inc. to discuss possible anerobic projects and technology in BC.



Poultry in Motion Committee

The BC Chicken Growers' Association and the BC Broiler Hatching Egg Producers' Association developed the Poultry in Motion Educational Mini Barn Program in an effort to educate consumers and increase awareness about chicken farming in BC. The fully equipped mini barns are featured at fairs, schools and agriculture events around the province.

The Poultry in Motion program concluded its season at the end of October. We now have Poultry in Motion mini barn trailers in all three regions! - Lower Mainland, Interior and this year the new trailer on Vancouver Island.

The Lower Mainland and Vancouver Island trailers, operated by the BC Chicken Growers' Association and the BC Broiler Hatching Egg Producers' Association, consist of three sections. Each showing a different stage of development: the parent stock - the broiler breeders - who produce the fertilized eggs, day-old chicks and market ready chickens. Each section is set up as a small-scale poultry barn, showing the technology and responsible animal husbandry that is practiced on BC chicken farms. The Interior trailer, that is operated by the BC Chicken Growers' Association, consists of two sections: day-old chicks and market ready chickens.

The coordinators in each region reported on a very successful year.

Educational Mini Barn Program - Fraser Valley / Lower Mainland

This has been a full year and the schools and fairs/events were very thankful to have the Poultry in Motion attend.

Dave and I have learned a lot this year with helping at several fairs and finishing off the scheduled bookings for the Fall after our presenter Kalie moved out of the region. The fair attendees were thankful for the handouts at the fairs and great information, especially the new Buy BC Chicken recipe book. The fair/event attendees are concerned about the food they buy for their families and appreciate talking to farmers. They want to know that they can trust how local BC chicken is raised and cared by the farmer.

This Fall, Dave and I realized how huge of job it is to do a presentation with the Poultry in Motion Trailer. This included cleaning of the trailer, maintaining the trailer, sourcing birds, ensuring you have packed enough supplies for the schools, early mornings driving in traffic and being patient, communication with the contact teacher, adjusting the presentation for all school aged students from Kindergarten to grade 12, preparing for the weather. We appreciated all the work that Kalie did with presenting this year! We look forward to having a new presenter this coming year!

10 schools are tentatively booked for the spring 2020!

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The schools we visited were friendly, inviting and it was a delight to present, educate and answer questions from the students and staff.

Schools visited:

52 elementary and secondary schools attended from Hope to Vancouver with over 16,970 students and staff attending presentations.

Poultry in Motion was also featured at 16 fairs/events: Cloverdale Rodeo and Exhibition, Yarrow Days, The Farm Store 5-year Anniversary Event, Agriculture Bus Tour, Abbotsford Berry Fest, Agriculture in the Classroom Summer Institute, Aldergrove, Fair, Maple Ridge-Pitt Meadows Country Fest, Abbotsford AgriFair, Chilliwack Fair, PNE Vancouver, Delta Farmland & Wildlife Trust, Agassiz Fall Fair and Corn Festival, Olde Harvest Fair Surrey, Girl Guide Event Chilliwack, 2019 THESA Conference (Teachers of Home Economics Specialist Association), and a “Farm to Table” event.

Sheryl Martens, Poultry in Motion Coordinator, Fraser Valley and Lower Mainland

Educational Mini Barn Program - Vancouver Island

Schools visited:

36 elementary and secondary schools with a total student audience of 9,715.

Fairs and Ag events attended: Island Agriculture Show, Coombs Fair, Comox Valley Fair, Saanich Fair and Cowichan Exhibition.



How exciting it was for Vancouver Island to receive their very own Poultry in Motion Educational Mini Barn on April 6th. The Mini Barn was enthusiastically welcomed by students, staff and the many fair goers. The immediate responses were an abundance of compliments about the educational content of the presentation; attractiveness of the birds and exhibit, as well as an expression of appreciation for the Mini Barn and displayed information informing people about a food production group in BC and Canada.

The Island Ag Show was held at the Saanich fair grounds this year. School attendance was keen and busy. At the request of teachers, I gave presentations to classes as they visited the Mini Barn. This also attracted participation by the adult visitors.

Schools continue to value the Poultry in Motion presentation delivering accurate and up-to-date information about ‘where one of our foods comes from’ and which includes showing a



caring and respectful attitude towards chickens. People are surprised to learn about the technology in the industry as well as the in-depth regulations of our Canadian industry.

Question time is always stimulating and fun... even the kindergarten students formulate very appropriate and well-thought out questions... thank you teachers for your prep work! Many teachers commented that they were incubating eggs in their classroom this year and that the Poultry in Motion was a perfect connection for the learning outcome.

I cannot pass up mentioning the 'keeners' both teachers for extending the topic into the classroom covering everything from healthy eating to creative writing from the perspective of their classroom mascot, a squishy Buy BC chicken. Several motivated students attended at the trailer during recess, lunch and their time slot with pencil and notebook in hand busily copying down the facts displayed on the trailer and bits of information from the presentation as well as answers to their questions. Good for them!!

Attending at the Saanich Fair had us placed with the Buy Local... Buy BC exhibit which brought about a steady stream of curious visitors and so many stimulating conversations about our industry. Our Minister of Agriculture, Lana Popham, was one of our visitors. She graciously accepted our Buy BC handouts.

In closing, I must add that the Vancouver Island region of the BC Chicken Growers' Association expresses sincere appreciation and thanks to those who were part of having our wish for a Poultry in Motion Educational Mini Barn dedicated to Vancouver Island come to fruition. We are also very grateful to Island Farmhouse Poultry, Rosstown Farms and Reliable Poultry Services for their continued support.

Bev Whitta, Poultry in Motion Coordinator, Vancouver Island

Both the BC Chicken Growers' Association and the BC Broiler Hatching Egg Producers Association would like to extend a **HUGE** thank you to our coordinators and presenters for doing a **great** job! Without them, our Poultry in Motion program would not be possible.

A special thank you to our Poultry in Motion funding partners:

The BC Sustainable Poultry Farming Group awarded a \$20,000 grant towards the construction costs of the new Poultry in Motion trailer!

Investment Agriculture of BC/Province of BC/Government of Canada approved our funding application for \$27,500 in Poultry in Motion Educational Mini-Barn program operational costs related to 'new and expanding' areas on Vancouver Island.

Metro Vancouver approved our annual funding application and donated \$4,000 to the Lower Mainland Poultry in Motion program.

PRODUCER OF THE YEAR 2018



VB Kunze Farms Ltd.
Victor and Beata Kunze

Top Producer

VB Kunze Farms Ltd.

Gifford Poultry Ltd.

Banford Breeders Ltd.

Ridgerail Poultry Ltd.

Hatchery

Fraser Valley Chick Sales Ltd.

Rosstown Hatchery

Sofina Foods Inc.

Western Hatchery Ltd.

...


2019 ACCOMPLISHMENTS



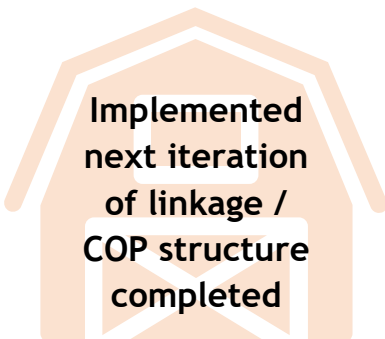
Full year at reduced levy of 1.9 cents per saleable chick



Full year of Asian Breeder/ Specialty data collection & temporary quota issued



Full launch of Animal Care Program and Work Action Plan completed




Implemented next iteration of linkage / COP structure completed



Joint strategic planning with BCCMB on Chicken Industry Framework



Forward appropriate adjustment to COP



Spiking Male Work Action Plan wrapped up



Signed off on leasing new premise with BCCMB. More scheduled for mid-2020.



Coordination and movement of domestic production when eggs were long with hatcheries



BC APPEAL PROCESS

FILING A REGULATED MARKETING APPEAL WITH THE BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

A person aggrieved or dissatisfied with an order, decision or determination of the following commodity marketing boards and commissions may file an appeal to the British Columbia Farm Industry Review Board (BCFIRB):

- British Columbia Broiler Hatching Egg Commission
- British Columbia Chicken Marketing Board
- British Columbia Cranberry Marketing Commission
- British Columbia Egg Marketing Board
- British Columbia Hog Marketing Commission
- British Columbia Milk Marketing Board
- British Columbia Turkey Marketing Board
- British Columbia Vegetable Marketing Commission

What is the British Columbia Farm Industry Review Board?

The British Columbia Farm Industry Review Board (BCFIRB) is an administrative tribunal that has statutory responsibility for exercising regulatory and adjudicative functions independent of government in its general supervision of BC regulated marketing boards and commissions and in hearing regulated marketing appeals and farm practices complaints.

Originally known as the British Columbia Marketing Board (“BCMB”), BCFIRB was created in 1934 under the NPMA to supervise the commodity boards. Over the years, the role has been expanded and its authority redefined to address changes in the regulated marketing sector. BCFIRB is composed of up to ten members appointed by Lieutenant Governor-in-Council (LGIC). Board members backgrounds vary, with experience in production, marketing, law and education related to agricultural issues.



How long do I have to appeal?

BCFIRB must receive your written notice of appeal not more than thirty (30) days after the order, decision or determination of the commodity board or commission is made.

If an appeal is filed more than 30 days after the marketing board's decision, the person filing the notice of appeal must explain what special circumstances exist that warrant BCFIRB accepting a late special appeal (see ATA s.24).

Do I need legal counsel?

Only if you want or think you need it. It is your decision to make, and you will be responsible for paying your own lawyer.

Where do I send the appeal?

Either by mail, courier, fax or email as follows:

Mail:

Attention: Executive Director
British Columbia Farm Industry Review Board
PO Box 9129 Stn Prov Govt
Victoria BC V8W 9B5

Courier:

Attention: Executive Director
British Columbia Farm Industry Review Board
780 Blanshard Street
Victoria BC V8W 2H1

Email: firb@gov.bc.ca

Fax: 250-356-5131



What should be included in the notice of appeal?

The notice of appeal must be accompanied by a non-refundable \$100.00 filing fee. Cheque or money orders should be made out to the “Minister of Finance”.

The notice of appeal must include the following:

- be in writing and signed
- identify the decision being appealed
- state why the decision should be changed
- state the outcome requested from BCFIRB
- include your name, address, telephone number, email (or the contact information of the person handling the appeal for you)
- include an address for delivery of any notices related to the appeal

BCFIRB’s notice of appeal form can be used to file an appeal.

What happens when the British Columbia Farm Industry Review Board receives the appeal?

BCFIRB will send you a letter acknowledging the receipt of your appeal. This letter will also contain information which explains the appeal process in greater detail. At the same time, BCFIRB will notify the commodity board or commission concerned that an appeal has been filed and instruct them of their responsibilities as outlined in the Rules of Practice and Procedures.

BCFIRB will also ensure that the commodity board or commission has received a copy of your notice of appeal.

BCFIRB will issue notice to the parties requiring them to attend a pre-hearing conference call. The purpose of the pre-hearing conference will be to clarify the issue on appeal and determine the position of each party as well as the remedies sought by the appellant. The pre-hearing conference call will also be used to confirm hearing dates and directions for the appeal hearing.

BCFIRB encourages parties to consider Alternative Dispute Resolution (ADR) to facilitate settlements of the matter under appeal and will assist the parties in establishing an ADR process. Parties can apply to BCFIRB requesting ADR. Discussions about possible ADR alternatives will also be an agenda item for the pre-hearing conference.



The hearing of your appeal will normally be held not more than 60 days after BCFIRB first receives your notice of appeal; however, these timelines will be dependent upon the circumstances of all the parties to the appeal.

What is the most important thing for me to remember?

BCFIRB must receive your written notice of appeal within 30 days of an order, decision or determination of the commodity board or commission. Failure to meet this deadline may result in BCFIRB not hearing your appeal.

How can I get more information?

For further information please refer to the Rules and Practice and Procedures. Section 8 of the Natural Products Marketing (BC) Act (NPMA), and the Administrative Tribunals Act (ATA).

More information on the appeal process is available on BCFIRB's website at:

www.gov.bc.ca/BCFarmIndustryReviewBoard

The standing orders of the commodity board or commission involved may also contain information.

Should you have any further questions please feel free to contact BCFIRB directly at:

Phone: 250-356-8945

Fax: 250-356-5131

Email: firb@gov.bc.ca

• • •

PUBLIC ACCOUNTABILITY AND REPORTING PROJECT

QUOTA MANAGEMENT AND MOVEMENT

Accordance of Quota Management

This report on quota management and movement has been prepared with respect to BCFIRB's letter dated August 15, 2018 regarding the Public Accountability and Reporting Project. Following the first PARP submission in 2019, subsequent meetings and clarifications resulted in a 2020 Reporting Guide and Templates being distributed to marketing boards and commissions on February 3, 2020, to which future PARP reports will be adjusted.

The Commission's Consolidated Orders, policies, procedures and decisions are made in accordance with legislation, regulations, formal agreements and BCFIRB decisions and directions.

The most recent regulated sector-wide BCFIRB decision, Quota Assessment Tools Supervisory Review, was made on February 2, 2018, with subsequent clarification letters.

BCFIRB also delivered its decision on the Asian Breeder Producers Supervisory Review on July 17, 2018. Asian Breeders are also referred to as Specialty.

Strategic Planning and Sustainable Industry Development

Sound quota management supports the Commission's vision and goals for the industry. These are outlined in the Commission's current Strategic Plan under the overarching priority of developing a comprehensive marketing model.

Sustainable Industry Development

Sustainable industry development must be made within the context of the Natural Products Marketing (BC) Act and its regulations, the BC Broiler Hatching Egg Commission Scheme, the Regulated Marketing Economic Policy (2004), BCFIRB direction and the Commission's Consolidated Orders.

The Strategic Plan includes two key initiatives specific to quota management: Managing Growth and Production Challenges, and Asian Breeders / Specialty. Both initiatives have certain elements that overlap and continue to require significant time and resources to achieve and operationally support these initiatives once completed.

The Managing Growth and Production Challenges key initiative includes reviewing the status of implementation of the Hatching Egg Reporting System (software), regional diversification, "80/20", and the quota tools. The Commission's current quota management policies remain in place until such time that a comprehensive review with appropriate stakeholder input is commenced; the review must be made in the context of the Quota Assessment Tools Supervisory Review decision rendered by BCFIRB on February 2, 2018 and subsequent clarification letters.



The Asian Breeder sector action items addressed in 2019, in response to the July 17, 2018 Supervisory Review decision:

- Completion of the Amending Order (A.O. 22 issued April 25, 2019, effective May 1, 2019);
- Issuance of Temporarily Regularized Producer Chick Quota to six specialty producers, previously referred to as Historically Non-Compliant Silkie and Taiwanese Producers;
- Completion of industry's first producer-to-producer quota transaction;
- License of any hatcheries that throughput only specialty product not previously licensed;
- Appointment of Specialty representatives, one producer and one hatchery, to the Production and Pricing Advisory Committee;
- Collection of data at the hatchery level, consistent with procedures at mainstream hatcheries;
- Establishment of regular meetings with Asian Breeder Producers at the end of the year, and going forward;
- Progression on separating allocation for Specialty markets at the national level; and
- cursory review of regulatory tools available, including 80/20, and New Entrant Program.

Appropriate work action plans for 2020 are developed to address key initiatives.

Industry Structure

The mainstream broiler hatching egg industry quota system is a hen-based quota system. There is a total of 1,766,182 quota units, spread over a two-year cycle. One quota unit is equal to one placeable broiler breeder hen. Producers are told how much of this quota they are to produce (place as hens), on an annual basis; this is utilization and is expressed as a percentage. Utilization can move up and down and may exceed 100% at times. Utilization matches domestic allocation - demand - issued by Canadian Hatching Egg Producers (CHEP) with a supply of domestic hatching eggs for British Columbia.

On September 19, 2019, Temporarily Regularized Producer Chick Quota was issued to six specialty producers. This was in response to the Supervisory Review. The specialty broiler hatching egg industry quota system is a hatched chick-based quota system. There is a total of 4,611,372 quota units over a one-year cycle. One quota unit is equal to one chick. Specialty producers are permitted to place hens, in consultation with their hatcheries (all are integrated at this time), in numbers and breed type to meet the hatcheries requirements; further, they are permitted to schedule placement dates and length of lay cycles.

Where possible, specialty data has been added to existing tables.

Quota, Size, Region and Product Classifications

Quota Classifications	Description
Mainstream	Mainstream Placement Quota in use
Mainstream New Producer Program (MNPP)	New Producer Program (Mainstream) in use
Specialty	Asian Breeder / Specialty Chick Quota in use
Specialty New Producer Program (SNPP)	New Producer Program (Specialty) in use*

Table 1

MNPP reported is quota issued from the Pool; New Entrants may hold both MNPP and Mainstream quota.

* A Specialty New Producer Program has not been established.

Size Classifications	Quota Hens
Small	Less than 25,000 quota hens per cycle
Medium	25,000 to 49,999 quota hens per cycle
Large	Greater than 50,000 quota hens per cycle

Table 2

Size Classifications	Quota Chicks
Small	Less than 500,000 quota chicks per year
Medium	500,000 to 999,999 quota chicks per year
Large	Greater than 1,000,000 quota chicks per year

Table 3

For Mainstream, minimum farm size is 12,000 quota hens per cycle; a medium-sized farm is considered to start approximately double that size at 25,000. Note that the New Producer Program Rules (BCBHEC Consolidated Order, Schedule 1) permit new entrants through this program to receive 5,000 quota hens; such new entrants are permitted to operate at 5,000 quota hens until an additional 7,000 (at minimum) can be secured.

For Specialty, no minimum farm size is set. The New Producer Program Rules are set to be reviewed in the context of the Quota Assessment Tools Review, regional diversification and the Asian Breeder Supervisory Review.

Region Classifications	Geographic Boundaries
Lower Mainland	Fraser Valley, Metro Vancouver (Hope to Vancouver)
Vancouver Island	Vancouver Island and gulf islands
Interior	Interior BC (north and east of Fraser Valley and Vancouver)

Table 4

All producers, mainstream and specialty, are currently in the Lower Mainland. There is limited broiler production on Vancouver Island; there is no local hatching egg production or hatchery. There are two hatcheries located in the Interior. Regional diversification is identified within the Strategic Plan with a primary focus on the Interior.

Product Classifications	Breeds
Mainstream	White Plymouth Rock
Specialty	Silkie, Taiwanese (as identified in Canadian Chicken Licensing Regulations (SOR/2002-22), Schedule 4)

Table 5

The Commission began collecting baseline Specialty production data as of January 1, 2019; any data that is unavailable is shown as “n/a” in tables that follow, as applicable.

Total Farm Operations & Total Quota Allocated

By Established and New Entrant Producers (Type) - Mainstream

Date	Established		New Entrant*		Total	
	# Producers	Quota	# Producers	Quota	# Producers	Quota
January 1, 2019	48	1,716,465	6	44,000	54	1,760,465
December 31, 2019	49	1,726,823	5	32,005	54	1,758,828

Table 6

*New Entrants through New Producer Program, succession planning or purchased quota. See *New Entrants* section (Table 30) for further breakdown.

By Established and New Entrant Producers (Type) - Specialty

Date	Established		New Entrant*		Total	
	# Producers	Quota	# Producers	Quota	# Producers	Quota
September 19, 2019	0	0	6	4,611,372	6	4,611,372
December 31, 2019	0	0	6	4,611,372	6	4,611,372

Table 7

*New Entrants through Temporarily Regularized Producer Chick Quota allotted September 19, 2019 or purchased quota. See *New Entrants* section (Table 31) for further breakdown.

By Size - Mainstream

Date	Size	# Producers	Quota (in use)		
			Mainstream	MNPP	Total
January 1, 2019	Small	19	249,765	30,000	279,765
	Medium	27	965,486	0	965,486
	Large	8	515,214	0	515,214
	Total	54	1,730,465	30,000	1,760,465

Table 8

Date	Size	# Producers	Quota (in use)		
			Mainstream	MNPP	Total
December 31, 2019	Small	20	281,131	30,000	311,131
	Medium	26	932,483	0	932,483
	Large	8	515,214	0	515,214
	Total	54	1,728,828	30,000	1,758,828

Table 9

By Size - Specialty

Date	Size	# Producers	Quota (in use)		
			Specialty	SNPP	Total
September 19, 2019	Small	3	980,482	n/a	980,482
	Medium	2	1,341,350	n/a	1,341,350
	Large	1	2,289,540	n/a	2,289,540
	Total	6	4,611,372	n/a	4,611,372

Table 10

Date	Size	# Producers	Quota (in use)		
			Specialty	SNPP	Total
December 31, 2019	Small	3	980,482	n/a	980,482
	Medium	2	1,341,350	n/a	1,341,350
	Large	1	2,289,540	n/a	2,289,540
	Total	6	4,611,372	n/a	4,611,372

Table 11

By Region - Mainstream

Date	Region	# Producers	Quota (in use)		
			Mainstream	MNPP	Total
January 1, 2019	Lower Mainland	54	1,730,465	30,000	1,760,465
	Vancouver Island	0	0	0	0
	Interior	0	0	0	0
	Total	54	1,730,465	30,000	1,760,465

Table 12

Date	Region	# Producers	Quota (in use)		
			Mainstream	MNPP	Total
December 31, 2019	Lower Mainland	54	1,728,828	30,000	1,758,828
	Vancouver Island	0	0	0	0
	Interior	0	0	0	0
	Total	54	1,728,828	30,000	1,758,828

Table 13

By Region - Specialty

Date	Region	# Producers	Quota (in use)		
			Specialty	SNPP	Total
September 19, 2019	Lower Mainland	6	4,611,372	n/a	4,611,372
	Vancouver Island	0	0	n/a	0
	Interior	0	0	n/a	0
	Total	6	4,611,372	n/a	4,611,372

Table 14

Date	Region	# Producers	Quota (in use)		
			Specialty	SNPP	Total
December 31, 2019	Lower Mainland	6	4,611,372	n/a	4,611,372
	Vancouver Island	0	0	n/a	0
	Interior	0	0	n/a	0
	Total	6	4,611,372	n/a	4,611,372

Table 15

By Product - Mainstream & Specialty

Date	Product	# Producers	Quota (in use)		
			Hens / Chicks	MNPP / SNPP	Total
January 1, 2019	Mainstream	54	1,730,465	30,000	1,760,465
	Specialty	n/a	n/a	n/a	n/a
	Other	n/a	n/a	n/a	n/a
	Total	54	1,730,465	30,000	1,760,465

Table 16

Date	Product	# Producers	Quota (in use)		
			Hens / Chicks	MNPP / SNPP	Total
December 31, 2019	Mainstream	54	1,728,828 H	30,000 H	1,758,828 H
	Specialty	6	4,611,372 C	n/a	4,611,372 C
	Other	n/a	n/a	n/a	n/a
	Total	54	1,728,828 H 4,611,372 C	30,000 H 0 C	1,758,828 H 4,611,372 C

Table 17

Production

Mainstream and Specialty volume is based on hatching egg pickups from the farm from January 1 to December 31, 2019. All Specialty producers are considered New Entrants based on holding temporary quota for less than one year, consistent with Mainstream New Entrant producers.

By Type

Type	Volume (Hatching Eggs)	Percentage
Established	120,243,824	93.4%
New Entrant	8,517,230	6.6%
Total	128,761,054	100.0%

Table 18

By Size

Size	Volume (Hatching Eggs)	Percentage
Small	22,658,735	17.6%
Medium	65,508,701	50.9%
Large	40,593,618	31.5%
Total	128,761,054	100.0%

Table 19

By Region

Region	Volume (Hatching Eggs)	Percentage
Lower Mainland	128,761,054	100.0%
Vancouver Island	0	0.0%
Interior	0	0.0%
Total	128,761,054	100.0%

Table 20

By Product

Product	Volume (Hatching Eggs)	Percentage
Mainstream	122,801,044	95.4%
Specialty	5,960,010	4.6%
Other	n/a	0.0%
Total	128,761,054	100.0%

Table 21

Growth

No growth quota was allotted in the year.

Utilization was adjusted to 106% for mainstream hen placements beginning on or after July 1, 2018 and to 100% for placements beginning on or after July 1, 2019. Utilization is a tool to match domestic allocation - demand - issued by Canadian Hatching Egg Producers (CHEP) with a supply of domestic hatching eggs for British Columbia. Utilization can move up and down and may exceed 100% at times.

Specialty producers are free to set with their hatcheries (all currently integrated) the number of hens, placement timing, length of lay cycle, etc., and thus, the Commission does not apply a utilization percentage to chick quota.

Retraction

No quota was retracted in the year other than through assessments (Tables 22-29).

Quota Movement

By Type of Producer - Mainstream

Transaction	Established	New Entrant	Total
January 1, 2019	1,716,465	44,000	1,760,465
Purchased	5,000	27,739	32,739
Sold - transfer assessment exempt	0	0	0
Sold - with transfer assessment	(32,739)	0	(32,739)
Transfer assessment (pooled)	(1,637)	0	(1,637)
Allotted (from pool)	0	0	0
Established New Entrants	39,734	(39,734)	0
December 31, 2019	1,726,823	32,005	1,758,828

Table 22

By Type of Producer - Specialty

Transaction	Established	New Entrant	Total
January 1, 2019	0	0	0
Purchased	0	517,229	517,229
Sold - transfer assessment exempt	0	0	0
Sold - with transfer assessment	0	(517,229)	(517,229)
Transfer assessment (pooled)	0	0	0
Allotted	0	4,611,372	4,611,372
Established New Entrants	0	0	0
December 31, 2019	0	4,611,372	4,611,372

Table 23

By Type of Quota - Mainstream

Transaction	Mainstream	Mainstream New Producer Program	Total
January 1, 2019	1,730,465	30,000	1,760,465
Purchased	32,739	0	32,739
Sold - transfer assessment exempt	0	0	0
Sold - with transfer assessment	(32,739)	0	(32,739)
Transfer assessment (pooled)	(1,637)	0	(1,637)
Allotted (from pool)	0	0	0
December 31, 2019	1,728,828	30,000	1,758,828

Table 24

By Type of Quota - Specialty

Transaction	Specialty	Specialty New Producer Program	Total
January 1, 2019	0	n/a	0
Purchased	517,229	n/a	517,229
Sold - transfer assessment exempt	(517,229)	n/a	(517,229)
Sold - with transfer assessment	0	n/a	0
Transfer assessment (pooled)	0	n/a	0
Allotted	4,611,372	n/a	4,611,372
December 31, 2019	4,611,372	n/a	4,611,372

Table 25

By Size of Producer - Mainstream

Transaction	Small	Medium	Large	Total
January 1, 2019	279,765	965,486	515,214	1,760,465
Purchased - from Small	20,439	0	0	20,439
Purchased - from Medium	12,300	0	0	12,300
Purchased - from Large	0	0	0	0
Sold - to Small	(20,439)	(12,300)	0	(32,739)
Sold - to Medium	0	0	0	0
Sold - to Large	0	0	0	0
Transfer assessment (pooled)	(1,022)	(615)	0	(1,637)
Allotted (from pool)	0	0	0	0
Net reclassification due to transfers	20,088	(20,088)	0	0
December 31, 2019	311,131	932,483	515,214	1,758,828

Table 26

By Size of Producer - Specialty

Transaction	Small	Medium	Large	Total
January 1, 2019	0	0	0	0
Purchased - from Small	0	0	0	0
Purchased - from Medium	517,229	0	0	517,229
Purchased - from Large	0	0	0	0
Sold - to Small	0	(517,229)	0	(517,229)
Sold - to Medium	0	0	0	0
Sold - to Large	0	0	0	0
Transfer assessment (pooled)	0	0	0	0
Allotted	980,482	1,341,350	2,289,540	4,611,372
Net reclassification due to transfers	(517,229)	517,229	0	0
December 31, 2019	980,482	1,341,350	2,289,540	4,611,372

Table 27

By Location of Producer - Mainstream

Transaction	Lower Mainland	Vancouver Island	Interior	Total
January 1, 2019	1,760,465	0	0	1,760,465
Purchased - from Lower Mainland	32,739	0	0	32,739
Purchased - from Vancouver Island	0	0	0	0
Purchased - from Interior	0	0	0	0
Sold - to Lower Mainland	(32,739)	0	0	(32,739)
Sold - to Vancouver Island	0	0	0	0
Sold - to Interior	0	0	0	0
Transfer assessment (pooled)	(1,637)	0	0	0
Allotted (from pool)	0	0	0	0
Net reclassification due to relocation	0	0	0	0
December 31, 2019	1,758,828	0	0	1,758,828

Table 28

By Location of Producer - Specialty

Transaction	Lower Mainland	Vancouver Island	Interior	Total
January 1, 2019	0	0	0	0
Purchased - from Lower Mainland	517,229	0	0	517,229
Purchased - from Vancouver Island	0	0	0	0
Purchased - from Interior	0	0	0	0
Sold - to Lower Mainland	(517,229)	0	0	(517,229)
Sold - to Vancouver Island	0	0	0	0
Sold - to Interior	0	0	0	0
Transfer assessment (pooled)	0	0	0	0
Allotted	4,611,372	0	0	4,611,372
Net reclassification due to relocation	0	0	0	0
December 31, 2019	4,611,372	0	0	4,611,372

Table 29

New Entrants

New entrants entered the hatching egg industry in 2019 as follows:

Mainstream

Pathways	# Producers	Quota
Entry:		
New Producer Program entrant		
Succession planning		
Purchased quota	1	12,005
Graduation / Reclassification:		
New Producer Program - Farm at minimum size		
New Producer Program - Length of experience (10 years)		
Length of experience† (succession planning / purchased quota)	(2)	(24,000)
Exit:		
Quota sale - transfer assessment exempt		
Quota sale - with transfer assessment		
Net change	(1)	(11,995)

Table 30

† Length of experience varies based on entry pathway.

Specialty

Pathways	# Producers	Quota
Entry:		
New Producer Program entrant	0	0
Succession planning	0	0
Purchased quota	1	517,229
Allotted quota	6	4,611,372
Graduation / Reclassification:		
New Producer Program - Farm at minimum size	0	0
New Producer Program - Length of experience (10 years)	0	0
Length of experience† (succession planning / purchased quota)	0	0
Exit:		
Quota sale - transfer assessment exempt	(1)	(517,229)
Quota sale - with transfer assessment	0	0
Net change	6	4,611,372

Table 31

† Length of experience varies based on entry pathway.

Small Lot / Permit Production

No small lot or permit production in the year. See further comments on developments in the Specialty market, under section titled *Quota Management Supports Delivery of Ministry Policy (Regulated Marketing Economic Policy 2004) - Specialty and Niche Markets*.

Hatching Capacity

There are currently 11 hatcheries licensed in British Columbia.

By License

Provincial Licenses	Federal Licenses (CHEP)
11	10

Table 32

A hatchery must be provincially licensed in order to have a CHEP license (federal). The CHEP license is for a buyer’s and/or seller’s license for the interprovincial and export movement of broiler hatching eggs and chicks. Applications for license are on an annual basis.

By Region

Region	# Hatcheries
Lower Mainland	9
Vancouver Island	0
Interior	2
Total	11

Table 33

By Size

Throughput of eggs & egg equivalents (import broiler chicks)	# Hatcheries
< 12.50% of market	8
12.50% to 24.99% of market	1
> 25.00% of market	2
Total	11

Table 34

By General Product Type/Area of Business

Throughput Type (for placement or custom hatch)	# Hatcheries
Mainstream only	7
Specialty only	1
Mainstream and Specialty	3
Total	11

Table 35

Quota Price

The Commission does not run a quota exchange, but a Quota Billboard. The Quota Billboard and related FAQ is posted on our website and available to the public. The Billboard includes: contact details, amount of quota, timing of current placement, type of transaction (e.g. sale), and posting date. Price and related particulars are negotiated between the parties to the transaction and are not known to the Commission.

Producer Engagement and Commitment to the Industry

Leased Quota

Average Leased Quota for Cycle - Mainstream

Group	# Producers	Leased Quota	Total Quota	Total Placeable	% of Placeable
Lessors	16	20,196	560,437	577,250	3.5%
Industry	54	20,196	1,758,760	1,811,521	1.1%

Table 36

- Quota cycle: July 1, 2017 to June 30, 2019 (2 years).
- Maximum permitted to be leased is 20% of a producer’s quota holdings.
- Leased quota is placeable hens available to the lessor/producer.
- Total quota is that which is owned by the lessor/producer. Industry owned amount is the average of December 31, 2017 and 2018.
- Total placeable is equal to the total quota multiplied at the applicable utilization rate at the time.
- Placeable quota may be higher or lower than total quota available for the cycle due to the percentage of utilization as set by the Board annually.

Average Leased Quota for Cycle - Specialty

Group	# Producers	Leased Quota	Total Quota	% of Placeable
Lessors	0	0	0	0.0%
Industry	6	0	4,611,372	0.0%

Table 37

- Quota cycle: September 19, 2019 to December 31, 2019 (initial year).

Industry Exits

Industry exits are considered exits through sales or surrender of quota that result in no further quota being held in the industry. Reclassification or graduation from New Entrant status - whether through the New Producer Program, succession planning or purchased quota - is not considered an exit.

Exits of Established Producers - January 1 to December 31, 2019 - Mainstream

Within 5 Years of Entering	Between 5 and 10 Years of Entering	In Industry 10 + Years	Total
0	0	1	1

Table 38

Exits of Established Producers - January 1 to December 31, 2019 - Specialty

Within 5 Years of Entering	Between 5 and 10 Years of Entering	In Industry 10 + Years	Total
1*	0	0	1

Table 39

Note: New Entrants by way of succession planning or purchased quota may be considered Established Producers before 10 years in the industry.

* Temporary quota was allocated on September 19, 2019 and consistent with Mainstream, all specialty producers are considered New Entrants until one year of production of said quota, however, are not in a New Producer Program. It is acknowledged that the specialty producers have all been farming for greater than one year's time.

Exits of New Entrants - New Producer Program only - January 1 to December 31, 2019 - Mainstream

Within 5 Years of Entering	Between 5 and 10 Years of Entering	Total
0	0	0

Table 40

Exits of New Entrants - New Producer Program only - January 1 to December 31, 2019 - Specialty

Within 5 Years of Entering	Between 5 and 10 Years of Entering	Total
n/a	n/a	n/a

Table 41

Note: New Entrants that entered via the New Producer Program at 10 years are considered Established Producers.



Quota Management Supports Delivery of Ministry Policy (Regulated Marketing Economic Policy 2004)

Specialty and Niche Markets

In addressing the specialty and niche markets, BCBHEC has developed a temporary quota system that identifies producers of hatching eggs of Asian and other breeds.

This system includes transferability of the temporary quota and mandatory reporting by licensed hatcheries of any specialty or niche markets. Such reporting has allowed the Commission to start building a baseline from which it may identify any emerging trends on current specialty and niche markets.

Provincial Share of National Allocation

Canadian Hatching Egg Producers - 2019 Final Allocation

Allocation - Hatching Eggs

Province	Mainstream	Specialty	Total
British Columbia	122,453,465	n/a	122,453,465
Alberta	85,517,878	n/a	85,517,878
Saskatchewan	33,016,502	n/a	33,016,502
Manitoba	37,354,492	n/a	37,354,492
Ontario	256,935,790	n/a	256,935,790
Québec	209,236,945	n/a	209,236,945
Nova Scotia	26,586,251	n/a	26,586,251
NB / PEI / NL	33,881,378	n/a	33,881,378
Total	804,982,700	n/a	804,982,700

Table 42

Market Share - Hatching Eggs Allocation

Province	Mainstream	Specialty	Total
British Columbia	15.2%	n/a	15.2%
Alberta	10.6%	n/a	10.6%
Saskatchewan	4.1%	n/a	4.1%
Manitoba	4.7%	n/a	4.7%
Ontario	31.9%	n/a	31.9%
Québec	26.0%	n/a	26.0%
Nova Scotia	3.3%	n/a	3.3%
NB / PEI / NL	4.2%	n/a	4.2%
Total	100.0%	n/a	100.0%

Table 43



Market Share - Chicken Production‡

Province	Market Share
British Columbia	14.3%
Alberta	9.8%
Saskatchewan	3.6%
Manitoba	4.1%
Ontario	33.9%
Québec	26.8%
Nova Scotia	3.3%
NB / PEI / NL	4.2%
Total	100.0%

Table 44

‡ Per CHEP: Provincial chicken production market shares are calculated based on the most recent data compiled on a 52-week rolling basis, consisting of the most recent quota allocations approved by CFC and, for the remaining weeks, the most recent chicken production data provided by CFC.

Several factors, such as set eggs, net international and interprovincial chick movement, meat-to-egg ratio (which includes hatchability) and imports effect the provincial allocation of hatching eggs (i.e. these factors explain how 14.3% of chicken production market share (Table 44) translates to 15.2% of hatching egg allocation (Table 43)).

CHEP's hatching egg allocation is not separated between mainstream and specialty markets.

Based on new reporting from hatcheries that throughput Specialty product, of the approximate 5.96 million specialty hatching eggs picked up off farm, only 5.43 million were set (91% of pickups), a significantly higher cull rate than Mainstream. Reasons include hatcheries ensuring the Specialty market has enough chicks, and thus eggs, which requires oversupply.

Placed Specialty chicks were approximately 4.42 million (74% of pickups). A nominal amount of just over 17,000 specialty chicks were reported as imported for the period September 19 to December 31, 2019. The total specialty placements were approximately 3.4% of all chicks placed in British Columbia; the Commission previously estimated up to 3.5% of placed chicks were specialty. It is anticipated that BC's allocation will be separated in future given the significant difference between Mainstream and Specialty meat-to-egg ratios, among others.



Exported Product and Import Volume Supplementals

It is noted that one hatchery in BC began exporting domestic Mainstream hatching egg product in 2019. The total amounted to approximately 14,800 dozen eggs.

Broiler Hatching Eggs Monthly Price Report for 2019

Source: Global Affairs Canada (BRH06-19)

Month	Total value of imports (\$CAN)	Number of dozens imported	Average price per dozen (\$CAN)
January	4,891,291	1,110,765	4.40
February	4,047,748	928,075	4.36
March	5,325,597	1,209,715	4.40
April	4,324,728	980,865	4.41
May	4,869,139	1,106,145	4.40
June	3,434,038	784,880	4.38
July	3,233,176	742,384	4.36
August	3,611,838	827,403	4.37
September	3,352,034	750,156	4.47
October	2,934,828	661,885	4.43
November	3,355,915	761,883	4.40
December	4,872,663	1,117,559	4.36
Total	48,252,995	10,981,715	4.39

Import volume supplementals granted by the federal government in the year is not readily available.



Financial Statements of

**BRITISH COLUMBIA
BROILER HATCHING EGG
COMMISSION**

And Independent Auditor's Report thereon
Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Directors of British Columbia Hatching Egg Commission

Opinion

We have audited the financial statements of British Columbia Broiler Hatching Egg Commission (the "Commission"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of change in net asset for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Abbotsford, Canada

February 12, 2020

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and short-term deposits (notes 2 and 12)	\$ 3,179,178	\$ 3,463,417
Accounts receivable (note 3)	463,925	115,581
Prepaid expenses and deposits	69,720	25,435
Due from BC Chicken Marketing Board	9,542	-
	<u>3,722,365</u>	<u>3,604,433</u>
Capital assets (note 4)	247,673	266,995
	<u>\$ 3,970,038</u>	<u>\$ 3,871,428</u>

Liabilities and Net Assets


Current liability:		
Accounts payable and accrued liabilities (note 5)	\$ 310,721	\$ 225,836
Deferred capital contributions (note 6)	62,118	88,740
Net assets:		
Invested in capital assets (note 7)	185,555	178,255
Internally restricted (notes 2 and 8)	3,069,249	3,029,249
Unrestricted	342,395	349,348
	<u>3,597,199</u>	<u>3,556,852</u>
Contingency (note 12)		
Commitments (note 13)		
	<u>\$ 3,970,038</u>	<u>\$ 3,871,428</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



 Jim Collins
 Board Chair



 Joe Neels
 Chair, Finance Committee

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Producer levies (note 9)	\$ 1,910,749	\$ 1,919,943
Non-hatching egg revenue (note 10)	651,080	585,227
Quality assurance revenue	356,835	-
Interest and miscellaneous	91,591	46,963
Deferred capital contributions	26,622	15,660
Licenses and fees	1,050	3,700
	<u>3,037,927</u>	<u>2,571,493</u>
Expenses:		
Advertising and promotion	8,046	10,085
Amortization	78,144	43,530
Animal Health Lab	91,780	80,230
BCBHEP Association	141,753	147,266
BC Poultry Conference	9,413	7,863
Canadian Hatching Egg Producers levy	366,442	380,261
Chairman and members' per diems	157,078	147,433
Interest and bank charges	1,758	1,680
Legal and accounting	38,001	64,915
Non-hatching egg expenses (note 10)	572,125	547,465
Office and miscellaneous	80,847	64,689
Office rent	33,571	30,646
Pricing expense	17,957	44,281
Professional services	26,460	15,221
Quality assurance expenses	721,569	12,055
Research and development, standards, biosecurity	37,293	25,322
SE project expenses	15,949	10,468
Telephone	8,701	11,253
Travel	66,693	64,682
Wages and benefits (note 11)	524,000	510,321
	<u>2,997,580</u>	<u>2,219,666</u>
Excess of revenues over expenses	<u>\$ 40,347</u>	<u>\$ 351,827</u>

See accompanying notes to financial statements.



BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	Invested in capital assets (note 7)	Internally restricted (note 8)	Unrestricted	2019	2018
Net assets, beginning of year	\$ 178,255	\$ 3,029,249	\$ 349,348	\$ 3,556,852	\$ 3,205,025
Excess (deficiency) of revenues over expenses	(60,646)	-	100,993	40,347	351,827
Transfer of funds	-	40,000	(40,000)	-	-
Change in net assets invested in capital assets	67,946	-	(67,946)	-	-
Balance, end of year	\$ 185,555	\$ 3,069,249	\$ 342,395	\$ 3,597,199	\$ 3,556,852

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 40,347	\$ 351,827
Items not involving cash:		
Amortization	86,998	56,087
Amortization of deferred capital contributions	(26,622)	(15,660)
Loss on disposal of assets	270	-
Change in non-cash operating working capital:		
Accounts receivable	(348,344)	14,493
Prepaid expenses and deposits	(44,285)	(12,330)
Due from BC Chicken Marketing Board	(9,542)	-
Accounts payable and accrued liabilities	84,885	44,332
	(216,293)	438,749
Financing:		
Deferred capital contributions	-	15,511
Investing:		
Purchase of capital assets	(67,946)	(60,197)
Increase (decrease) in cash and short-term deposits	(284,239)	394,063
Cash and short-term deposits, beginning of year	3,463,417	3,069,354
Cash and short-term deposits, end of year	\$ 3,179,178	\$ 3,463,417

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

General:

British Columbia Broiler Hatching Egg Commission (the "Commission") was incorporated under an order of the Lieutenant Governor in council of the province of British Columbia on October 27, 1988. The Commission's functions include setting production policy, pricing, processing and marketing of broiler hatching eggs within British Columbia. It also represents the Canadian Hatching Egg Producers in the administration of eggs in interprovincial and export trade. The Commission is a not-for-profit organization and is not taxable under the Income Tax Act.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The Commission's significant accounting policies are as follows:

(a) Revenue recognition:

The Commission follows the deferral method of accounting for contributions which include levies and other revenues.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Externally restricted contributions are recorded as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

(b) Cash and short-term deposits:

Cash and short-term deposits include balances with banks and short-term investments that are redeemable at the option of the Commission for a known amount of cash.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life or improve the service potential of an asset are capitalized. When a capital asset no longer contributes to the Commission's ability to provide services, its carrying amount is written down to its residual value. Amortization has been recorded as follows:

Asset	Basis	Rate
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Truck - non-hatching egg program	Declining balance	30%
General equipment and supplies - non-hatching egg program	Declining balance	20%
Office equipment	Declining balance	20%
Leasehold improvements	Straight-line	10 years

Amortization of \$8,854 (2018 - \$12,557) related to non-hatching egg assets is included in non-hatching egg expenses.

(d) Use of estimates:

The preparation of the financial statements in accordance with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) Employee future benefits:

The Commission has a defined contribution plan providing pension benefits for its employees. The cost of the plan is recognized based on the contributions required to be made during each period.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Commission has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Commission determines if there is a significant adverse change in the expected amount or timing of future cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount that the Commission expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Restricted cash:

Cash and short-term deposits are restricted as follows:

	2019	2018
Internally restricted	\$ 3,069,249	\$ 3,029,249
Cash available for operations	109,929	434,168
	<u>\$ 3,179,178</u>	<u>\$ 3,463,417</u>

The Board of Directors of the Commission has restricted net assets for specific purposes as disclosed in note 8.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

3. Accounts receivable:

Included in accounts receivable is an allowance of \$nil (2018 - \$nil) for doubtful accounts.

4. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 100,782	\$ 73,283	\$ 27,499	\$ 10,842
Computer software	285,802	109,725	176,077	218,469
Truck-non-hatching egg program	136,224	116,763	19,461	27,801
General equipment and supplies - non-hatching egg program	37,457	35,402	2,055	2,569
Office equipment	45,515	37,101	8,414	7,314
Leasehold improvements	33,445	19,278	14,167	-
	\$ 639,225	\$ 391,552	\$ 247,673	\$ 266,995

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$23,213 (2018 - \$23,602), which includes amounts payable for GST and payroll related taxes.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

6. Deferred capital contributions:

Deferred capital contributions represent external contributions for the purposes of software development.

Changes in deferred capital contribution balances are summarized as follows:

	2019	2018
Deferred capital contributions, beginning of year	\$ 88,740	\$ 88,889
Add: Proceeds from capital contributions	-	15,511
Less: Amortization of deferred capital contributions	(26,622)	(15,660)
Deferred capital contributions, end of year	\$ 62,118	\$ 88,740

7. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2019	2018
Capital assets	\$ 247,673	\$ 266,995
Amounts financed by:		
Deferred capital contributions	(62,118)	(88,740)
	\$ 185,555	\$ 178,255

(b) Deficiency of revenue over expenses:

	2019	2018
Amortization of deferred capital contributions	\$ 26,622	\$ 15,660
Amortization of capital assets	(86,998)	(56,087)
Loss on disposal of assets	(270)	-
	\$ (60,646)	\$ (40,427)

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

7. Invested in capital assets (continued):

(c) Change in net assets invested in capital assets:

	2019	2018
Purchases of capital assets	\$ 67,946	\$ 60,197
Proceeds from capital contributions	-	(15,511)
	<u>\$ 67,946</u>	<u>\$ 44,686</u>

8. Internally restricted:

	2019	2018
OBHECC funds	\$ 1,179,249	\$ 1,179,249
Reserve for the Unforeseen	1,000,000	1,000,000
Building Fund	750,000	750,000
Truck Fund	80,000	40,000
Office Planning	60,000	60,000
	<u>\$ 3,069,249</u>	<u>\$ 3,029,249</u>

During the year, the Commission maintained a guaranteed investment certificate assigned as security to Canadian Hatching Egg Producers in the amount of \$165,000 (2018 - \$168,000) representing funds from the Reserve for the Unforeseen (note 12).

9. Producer levies:

The total levy assessed to registered producers was reduced from 19.2 cents per dozen or 2.0 cents per saleable chick to 18.24 cents per dozen eggs or 1.9 cents per saleable chick effective January 13, 2019 (2018 - 19.2 cents per dozen or 2.0 cents per saleable chick).

Included in the total levy is a national levy of 0.32 cents per egg set which decreased to 0.30 cents per egg set effective March 24, 2019 (2018 - 0.32 cents per egg set), paid or payable to the Canadian Hatching Egg Producers.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

10. Non-hatching egg program:

	2019	2018
Non-hatching egg revenue	\$ 651,080	\$ 585,227
Expenses:		
Amortization	8,854	12,557
Cooler and warehousing	5,100	5,850
Fuel	10,590	9,996
Levies and administrative fees	110,648	99,080
Miscellaneous supplies	8,712	10,352
Producer payments	296,082	307,212
Truck maintenance	26,450	13,261
Wages and benefits	105,689	89,157
	572,125	547,465
	\$ 78,955	\$ 37,762

11. Employee pension plan:

The Commission has a defined contribution pension plan for its full-time employees. Annual contributions to the plan are based on 10% of annual salaries for each employee. Total contributions paid in 2019 were \$43,682 (2018 - \$42,963).

12. Contingency:

The Canadian Hatching Egg Producers ("CHEP") requires that the Commission have sufficient funds or letters of credit to cover potential future assessments of liquidated damages at 17.5 cents per egg for production greater than allocation on a province by province basis. At present, the Commission has a \$165,000 guaranteed investment certificate assigned as security to CHEP (2018 - \$168,000). Production levels for the year ended December 31, 2019 indicate the Commission is within the allowed 1% sleeve of over production, and accordingly no draw has been required on the guaranteed investment certificate.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

13. Commitments:

The Commission has committed to leasing expenditures relating to information technology and premises over the next five years as follows:

2020	\$ 73,872
2021	61,607
2022	61,607
2023	65,398
2024	65,398
Thereafter	342,154
	\$ 670,036

14. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Commission will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Commission manages its liquidity risk by monitoring its operating requirements. The Commission prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Commission deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Commission assesses the credit risk of customers on a continuous basis and provides for any amounts that are not collectible in the allowance for doubtful accounts.

There has been no change to the risk exposures from the prior year.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

15. Funds held on behalf of others:

The Commission holds funds, at the Royal Bank of Canada, totalling \$129,931 (2018 - \$128,975) on behalf of the Emergency Response Team ("ERT"). The funds comprise contributions by the BC Egg Marketing Board, BC Turkey Marketing Board, BC Chicken Marketing Board, and the Commission. The funds are restricted to expenditures relating to Avian Influenza by the ERT. The assets, liabilities, revenues and expenses of the ERT are not included in the Commission's financial statements.



Financial Statements of

**B.C. BROILER HATCHING
EGG PRODUCERS
ASSOCIATION**

And Independent Practitioners' Review Engagement
Report thereon

Year ended December 31, 2019
(Unaudited)



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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Directors of B.C. Broiler Hatching Egg Producers Association

We have reviewed the accompanying financial statements of B.C. Broiler Hatching Egg Producers Association, which comprise the statement of financial position as at December 31, 2019, the statement of operations and changes in net assets, and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of B.C. Broiler Hatching Egg Producers Association as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

February 7, 2020

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Financial Position

December 31, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
Assets		
Current assets:		
Cash	\$ 28,078	\$ 25,527
Inventories	3,521	4,519
Prepaid expenses	3,574	6,781
	\$ 35,173	\$ 36,827

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,823	\$ 3,248
Due to BC Chicken Grower's Association	525	-
Net assets	30,825	33,579
	\$ 35,173	\$ 36,827

See accompanying notes to financial statements.

Approved by the Directors:



Director



Director

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Operations and Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
Revenue:		
Commission grant income (note 2)	\$ 141,753	\$ 147,266
Other income	4,000	-
	<u>145,753</u>	<u>147,266</u>
Expenses:		
Special events	75,115	46,901
Directors - per diems	28,275	24,127
Memberships	13,515	23,166
Secretary expense	10,597	9,950
Salaries and benefits	5,413	1,502
Advertising	4,000	573
Travel	3,775	3,875
Professional fees	3,595	5,566
Office and general	2,429	924
Insurance	1,000	1,000
Research and development	615	1,410
Interest and bank charges	178	307
	<u>148,507</u>	<u>119,301</u>
Excess (deficiency) of revenue over expenses	(2,754)	27,965
Net assets, beginning of year	33,579	5,614
Net assets, end of year	<u>\$ 30,825</u>	<u>\$ 33,579</u>

See accompanying notes to financial statements.



B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (2,754)	\$ 27,965
Changes in non-cash operating working capital:		
Accounts receivable	-	2,378
Inventories	998	(279)
Prepaid expenses	3,207	(6,781)
Accounts payable and accrued liabilities	575	749
Due to BC Chicken Grower's Association	525	(5,446)
Increase in cash	2,551	18,586
Cash, beginning of year	25,527	6,941
Cash, end of year	\$ 28,078	\$ 25,527

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2019
(Unaudited)

Nature of operations:

B.C. Broiler Hatching Egg Producers Association (the "Association") is organized to provide representation from the hatching egg producers to the poultry industry. The Association is incorporated under the Societies Act (British Columbia) and is a not-for-profit organization under the Income Tax Act. Accordingly the Association is exempt from income taxes provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Revenue recognition:

The Association follows the deferral method of accounting for revenues which include grants and other revenues. Contributions for specific purposes or programs are deferred and subsequently recognized as revenue at the time the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(b) Inventories:

Inventories consists of literature and audio-visual materials and are valued at the lower of the original purchase price and replacement cost.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Economic dependence - British Columbia Broiler Hatching Egg Commission:

A substantial amount of the Association's revenue is derived from the British Columbia Broiler Hatching Egg Commission (the "Commission"). Grant income received from the Commission of \$141,753 (2018 - \$147,266) is based on the budgetary requirements of the Association which is determined on an annual basis.

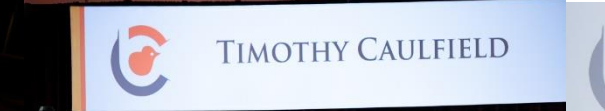
B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2019
(Unaudited)

3. Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from the prior year.





NOTES



NOTES



British Columbia Broiler Hatching Egg Commission

180 - 32160 South Fraser Way

Abbotsford, BC

V2T 1W5

604-850-1854

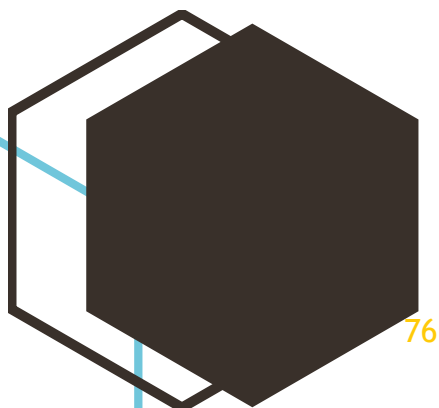
British Columbia Broiler Hatching Producers' Association

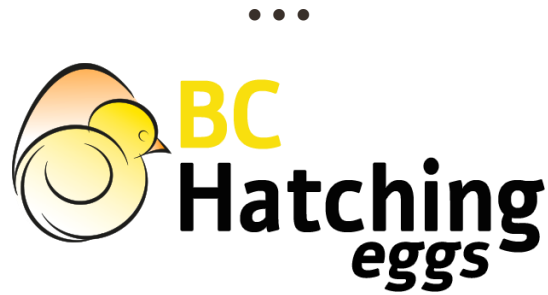
P.O. Box 191

Abbotsford, BC

V4X 3R2

604-864-7556





**B.C. BROILER HATCHING EGG COMMISSION
31st ANNUAL GENERAL MEETING AGENDA**

Friday, March 6, 2020 at 2:00 pm
Location: Sheraton Wall Centre Hotel: Jr. Ballroom A&B

Call to Order

Reading of the March 1, 2019 Annual General Meeting Minutes

Business Arising from the Minutes

Jim Collins, Chair, BC Broiler Hatching Egg Commission

BCCMB & BCBHEC Summit Update

Brian Bilkes, Chair, Canadian Hatching Egg Producers

David Guthrie, Auditor, KPMG LLP

Joshua Crossett, Manager, Production & Finance, BC Broiler Hatching Egg
Commission

New Business

Adjournment

