

BC BROILER HATCHING EGG COMMISSION JULY 2020 NEWSLETTER

INDUSTRY STATISTICS

YTD Hatchability
83.3 %

Average Lay Cycle End
56 weeks

Average Breeder Price
Female: \$11.71
Male: \$15.56

2020 Audit Stats
Total Premises to Audit: 59
Premises Completed: 27 / 59

Hatching Egg Tip
Click the link below to learn more about darkling beetle control on-farm.

http://en.aviagen.com/assets/TechCenter/Ross_Tech_Articles/Ross-BestPractice-Beetle-Control-EN-19.pdf



BCFIRB CHICKEN SECTOR PRICING REVIEW

BCFIRB is undertaking a supervisory review of pricing within B.C.'s chicken and broiler hatching egg sectors. For further information please visit BCFIRB's 2020 Chicken Sector Pricing Review web page <https://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/boards-commissions-tribunals/bc-farm-industry-review-board/regulated-marketing/supervisory-reviews/2020-chicken-sector-pricing>

UPDATE: COVID-19 EARLY PROCESSING COMPENSATION

Please see the attached letter from Stephanie Nelson, Executive Director.

UPDATE: SALMONELLA ENTERITIS (SE) TESTING FRAMEWORK

Please see the attached letter from Stephanie Nelson, Executive Director.

ASIAN BREEDER FRAMEWORK FOLLOW UP

Please see the attached letter from Stephanie Nelson, Executive Director.

OFFICE UPDATE

The Commission office is open with limited staff. Most staff are still currently working remotely; the On-Farm Team is continuing to complete on-farm operations.

ABC RECORDS BINDER

Please see the attached memo regarding the ABC Records Binder to assist you with your Schedule 5 Program Audit Paperwork.

WE ARE MOVING!

Please see the attached flyer regarding the relocation of the office this July.

SMALL EGG PROGRAM UPDATE

Producers should be aware that Barry Harder is currently on a medical leave and Chris Richard is driving the truck full time. Chris has the same cell phone number (604-302-4017) and can be reached directly with Small Egg Program questions.

Chris Richard will be on vacation July 27 – 30, 2020. The truck will not be completing egg pickup that week.

POSTPONED OR CANCELLED EVENTS

Chicken Golf Tournament has been cancelled.

2020 Chicken Picnic has been cancelled.

CHEP AGRISKILLS

Please see attached document on the new CHEP Agriskills learning platform.

Pricing Orders

Period	Live Chicken	Hatching Eggs	Saleable Chicks	Day-Old Broiler Chicks
A-158	1.691 \$/kg	572.19 ¢/doz	59.60 ¢/chick	78.52 ¢/chick
A-159	1.707 \$/kg	574.59 ¢/doz	59.85 ¢/chick	78.77 ¢/chick
A-160	1.697 \$/kg	598.71 ¢/doz	62.32 ¢/chick	81.26 ¢/chick
A-161	1.694 \$/kg	600.92 ¢/doz	62.55 ¢/chick	81.49 ¢/chick
A-162	1.694 \$/kg	602.95 ¢/doz	62.76 ¢/chick	81.70 ¢/chick
A-163	1.697 \$/kg	605.64 ¢/doz	63.03 ¢/chick	81.97 ¢/chick

Production Cycles

Period	Start Date	End Date
A-158	Aug 4, 2019	Sept 28, 2019
A-159	Sep 29, 2019	Nov 23, 2019
A-160	Nov 24, 2019	Jan 18, 2020
A-161	Jan 19, 2020	Mar 14, 2020
A-162	Mar 15, 2020	May 9, 2020
A-163	Mar 10, 2020	Jul 4, 2020



June 30, 2020

BBCHEPA and Producers

Dear Producers,

FOLLOW UP TO June 1, 2020 letter re COVID-19 compensation for early flock removal

The Commission members reviewed the BCBHEPA's correspondence at their June 25, 2020 meeting and have instructed me to update all producers on the status of the COVID-19 compensation for early flock removal.

COVID-19 has financially substantively impacted the Commission. The Commission has already exhausted its contingency fund to facilitate dumping eggs and rendering of flocks due to the 15% set reduction for period A-163 and the continued reduction in allocation for periods A-164 and A-165. There is no anticipated relief until possibly period A-166 when recovery may begin; but no one can be sure at this time. Concerns of a second wave have also weighed heavily on the Commission's consideration of compensation. COVID-19 is not yet finished with us.

Operationally and financially, the Commission is stretched for resources, commencing with the removal of flocks due to the closure of the Superior plant. Immediate relief was sought through the removal of eggs from production to ensure that orderly marketing prevailed, and that the industry could be sustained pending recovery, which remains the priority.

The decreases in allocation required an immediate reduction in sets. The downturn in the processed egg market and restriction placed on those processors limited the number of eggs to the breakers. Processing plant issues created shortages in shackle space (when available at all). Consequently, the Commission recognized that operational decisions had to be made in an expedited timeframe resulting in producers being processed early.

The Commission is currently examining options pertaining to the many flocks impacted with early processing dates due to the set reductions caused by COVID-19. This review will include the producers who endured rendering and received no compensation for fowl, producers who were processed under 56 weeks and producers who received the adjusted fowl price.

A financial relief application has been prepared by Commission staff and is currently in the review process at the government level. Once the Commission understands what current programs are available for both individual producer funding and Commission funding, which we are expecting to be soon, a formal decision will be made on compensation.

BC Broiler Hatching Egg Commission

#180 – 32160 South Fraser Way, Abbotsford, BC V2T 1W5 • www.bcbhec.com

Yours truly,

A handwritten signature in black ink, appearing to read "Stephanie Nelson".

Stephanie Nelson
Executive Director

Cc:
Commission website
Commission newsletter



June 30, 2020

Hatching Egg Producers and Stakeholders

Dear Stakeholders,

FOLLOW UP re: Salmonella Enteritis (SE) Testing Framework Update

The management of SE has become increasingly critical for all stakeholders in the BC chicken industry. The Canadian Food Inspection Agency and national and provincial health authorities have stressed the importance of taking appropriate measures. Canadian Hatching Egg Producers (CHEP) have been drafting national SE protocols for hatching eggs and, as well, the BC Egg Hatchery Association (EHA) submitted a proposal for BC.

In response, the Commission staff conducted an initial review of the CHEP and EHA proposals as well as more established testing guidelines from other agencies and other provinces as a baseline for their review. Commission staff consolidated the results of that review into a discussion document outlining a potential SE testing framework for BC.

Commission staff will also be following up with local private veterinarians to ensure that its standard operating procedures are up to date and that sampling methodologies within the private veterinarian sector are consistent.

The Commission has reviewed the attached SE testing framework update discussion document and has instructed me to provide it to stakeholders for comment and update them on next steps.

Stakeholders are asked to provide feedback on the attached discussion document by July 21, 2020.

The Commission will meet on July 23, 2020 to consider stakeholder feedback. This feedback and an updated SE testing framework and testing protocols document will then be provided to the Pricing and Production Advisory Committee for advice prior to the Commission finalizing its decision.

Yours truly,

A handwritten signature in black ink, appearing to read "Stephanie Nelson", is written over a large, faint yellow circular watermark in the background of the letter.

Stephanie Nelson

BC Broiler Hatching Egg Commission

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Executive Director

Cc:

BC Hatching Egg Producers
Kirsten Pedersen- BCFIRB
Bryan Brandsma- BCBHEPA
Dale Krahn- BCCGA
Bill Vanderspek- BCCMB
Harvey Sasaki- BCCMB
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Salmonella Enteritidis (SE) Discussion Document for Stakeholder Review and Comment

BC Broiler Hatching Egg Commission (BCBHEC)

June 2020

1. Objective

To update the BC Broiler Hatching Egg Commission's (the Commission) testing protocols in the Salmonella Enteritidis (SE) program to reduce the prevalence of SE in BC.

Stakeholder Impact Matrix:

Stakeholder	Interest	Influence	Involvement	Impact	Communication Level:
1. Producers	high	high	high	high	Regular updates and engagement
2. Hatcheries	high	high	high	high	Regular updates and engagement
3. Processors	low	high	low	high	Monitor through hatchery engagement
4. National Agency	high	low	low	high	Manage broadly
5. BC Chicken Marketing Board and Growers' Association	low	low	low	low	Manage broadly
6. Provincial government	low	low	low	low	Manage broadly

2. Background

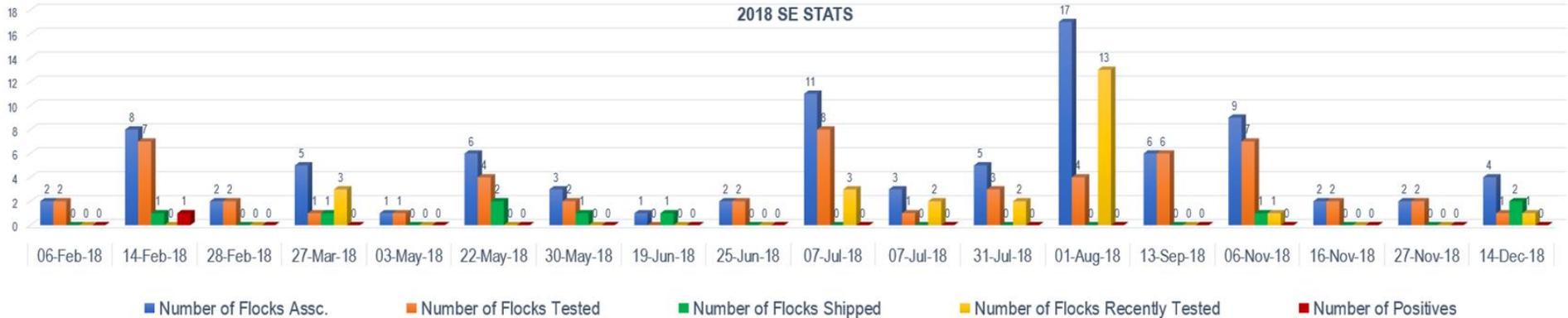
The hatching egg sector has battled SE since early 2008, when a phage-type known as PT-13 was introduced into the domestic supply chain by imported product at the hatchery level. Since that point in time, many SE prevalence challenges have arisen, and the Commission has mitigated those risks through testing and protocol development. SE follow up fluff sampling began in 2009, on-farm egg sales were banned in 2010, a third-party rodent audit of all premises took place in 2012 and a post-positive C&D protocol instituted in 2013. Hatching egg producers have paid the costs associated with these projects and the mitigation strategies necessary when a positive flock is identified. Hatcheries have reported absorbing costs for claims when SE causes high mortality on broiler farms and expenses associated with SE cleaning and disinfecting protocols at the hatchery. Overall, the sector recognizes both the costs associated with SE positive flocks and acknowledges the risks to the supply chain.

3. What is known about SE

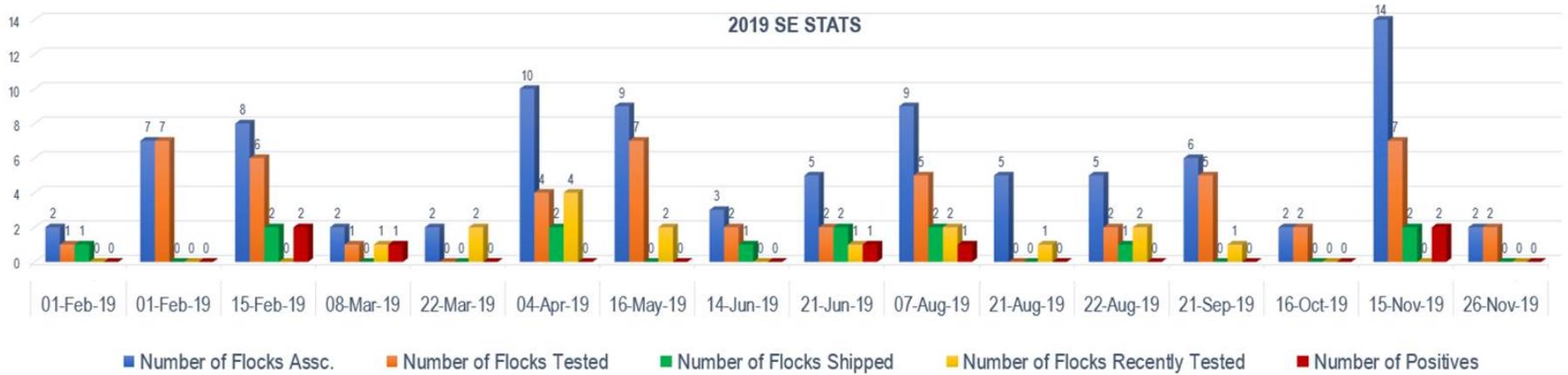
SE is vertically transmitted from the breeder bird through the egg and contaminates the progeny. SE is typically introduced to a flock through vectors such as rodents and insects. High mortality can be experienced from the grower side, and additional costs incurred to C&D post-processing of that flock. On the producer side, the broiler breeder rarely is impacted with mortality challenges; producers report that flocks are often non-symptomatic, and in most cases, flocks achieve anticipated production levels. This non-symptomatic viral behaviour and the ever-present vectors in long-life flocks make regular testing of the utmost importance. Knowing which flocks are positive and introducing mitigation strategies, appropriate product handling, increased biosecurity and post-positive cleaning and disinfection protocols to ensure limited contamination are all strategies that can be implemented once a flock is identified.

4. SE in the Hatching Egg Sector

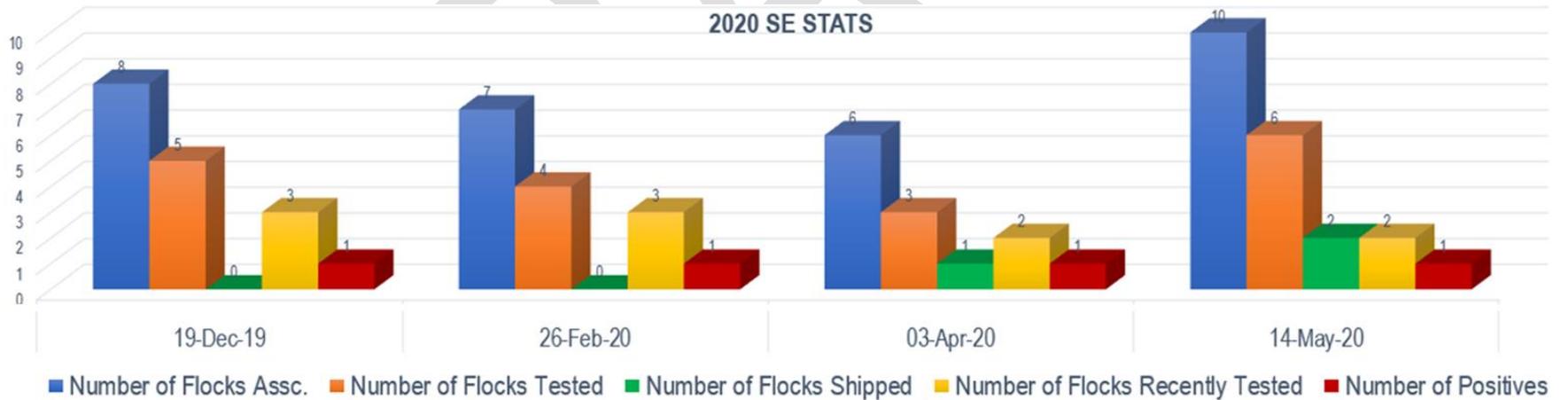
While testing has remained consistent and mitigation strategies mandatory, BC hatching eggs continue to battle SE. 2018 was a low prevalence year, 55 flocks tested, and one positive flock identified.



In 2019 SE rates increased with 53 flocks tested, and seven positive flocks identified. There is no evidence to support causation for the increase in positive flocks, only that more flocks tested positive.



2020 is on track to be another year of concern as four flocks have tested positive year to date.



5. Testing Protocol Recommendation

In researching other stakeholder groups¹ and facilitating the request for updated testing by the Egg Hatchery Association (EHA), the following testing schedule is in the Commission's recommendation process. While the prevalence issue is clear, there are several identifiable risks throughout the staff recommendation proposal that require both stakeholder feedback and Commission consideration. Additionally, the hatchery stakeholder group must also commit to mitigation strategies within the hatchery to ensure the supply chain is facilitating the objective of this recommendation.

Test 1: Day Old Testing at Breeder Chick Placement –Currently in practice

This test is currently in practice and meets the CHEP² and EHA³ testing criteria.

If positive, the producer will be tested a second time to ensure the test was not contaminated. If positive a second time, engage in mitigation strategies and be tested again to ensure those strategies have been effective as the flock is no longer testing positive.

Identified Risk: Flock remains positive, and there are no available remedies to address the flock situation—this impacts both the producer and the hatchery.

Test 2: Pre-Move Testing- Additional Test

This test ensures healthy flocks are going into the lay house and is recommended by the EHA proposal. Hatchery field staff will conduct this environmental test when the bloods are taken.

If positive, producer will engage in mitigation strategies and be tested again in two weeks to ensure those strategies have been effective. The flock is no longer testing positive before birds go into full production.

Identified Risk: Flock remains positive, and there are no available remedies to address the flock situation. This impacts both the producer and the hatchery.

Test 3: Fluff Follow up in Lay House – Currently in practice

Staff had questions about the EHA proposal on the need to incorporate an in-lay environmental sample. Staff's preference is the continuance of the fluff sample testing that is currently in place. Ministry veterinarians confirmed that the fluff sample trigger to associated flocks was of better value than one test per flock.

If positive, producer will engage in mitigation strategies and be tested again to ensure those strategies have been effective, and the flock is no longer testing positive. If a second positive is found, the product will be redirected to the breaker for two weeks. After two weeks at the breaker, a final test is taken, and if found positive shackles are to be booked, subject to SE insurance framework implementation.

Identified Risk: Early flock removal is a high financial cost to the producer and hatchery, as early removal has a direct financial impact and interrupts egg flow.

¹ Appendix 1 stakeholder research

² CHEP DRAFT SE protocols

³ EHA SE proposal

Test 4: Pre-Processing Date Test (4-6 weeks before processing date) – Additional test

This test ensures healthy flocks are going to the processor or that the processor is aware of the processing risk. This is an additional test and meets the EHA testing criteria.

If positive, producer will engage in mitigation strategies, and the assigned processor notified.

Post-Positive C&D testing will remain mandatory to ensure that chicks are placed into clean barns.

Identified Risk: Processor refusal to remove purchase fowl has a financial impact on the producer.

Test 5: Post Positive C&D Sampling –Currently in practice

Staff is confident that the post C&D protocols implemented in 2013 are still appropriate to ensure a barn is ready for the next flock. No evidence has been shared or identified that a post SE positive flock placed within the same airspace needs to be tested at regular intervals as per the EHA proposal.

Identified Risk: SE remains in the airspace undetected by the follow-up test.

Test 6: Spiking Male Testing –Currently in practice

Staff is confident that the current spiking male testing taken for males to be moved lay house to lay house between premises is sufficient to ensure spiking males are not contaminating the next airspace. There is no compelling information that suggests this protocol is insufficient in mitigating the risk of moving males.

Identified Risk: SE remains undetected and is vectored into another airspace.

6. Hatchery Commitment:

For this new testing criteria to be met in a meaningful way, a second key stakeholder commitment level must be addressed. There are several key responsibilities to be included for the hatcheries within the new testing protocols.

1. Hatcheries are expected to maintain proper sanitation protocols, CFIA inspects every six weeks at the hatchery to ensure compliance.
2. Hatcheries are expected to deliver clean and sanitized equipment to farms. If the equipment cleanliness is unacceptable to a producer, the hatchery will ensure that it is picked up and replaced within a reasonable timeframe.
3. Hatcheries will conduct the day-old breeder tests as is currently practiced.
4. Hatcheries will conduct test 2 at the time bloods are taken in the pullet house. Consistent material will be used to take the sample, and the Commission's protocols for collection of that sample will be used.
5. Hatcheries will use domestic production should SE positive product be directed to the breaker.



July 3, 2020

BC Hatching Egg Sector Stakeholders

Dear Stakeholders:

FOLLOW UP TO BC FARM INDUSTRY REVIEW BOARD FEBRUARY 27, 2020 LETTER RE ASIAN BREEDER FRAMEWORK

On February 27, 2020, the BC Farm Industry Review Board (BCFIRB) provided the BC Broiler Hatching Egg Commission with the following direction:

A regulatory framework for the Asian Breeder sector, in light of a vision and strategic direction for this sector, be completed, communicated to BCFIRB and stakeholders, and implemented no later than July 31, 2020.

Subsequently, the Commission in consultation with Asian Breeder producers and hatcheries has developed a regulatory implementation framework in accordance with the BCFIRB direction. The Commission has had discussions with the BC Broiler Hatching Egg Producers' Association and the Pricing and Production Advisory Committee (PPAC) to provide a basic outline of the framework and update them on next steps.

Those steps are:

- a. distribution to stakeholders (including the Association and PPAC) of the Commission's draft report to BCFIRB for comment back to the Commission by July 21, 2020;
- b. stakeholders may request further information from or meetings with Commission representatives during this consultation period;
- c. the Commission will review comments received at its July 23, 2020 meeting;
- d. the Commission will conduct follow up with Asian Breeder producers and other stakeholders as required to finalize its report; and,
- e. the Commission will submit its report to BCFIRB by July 31, 2020.

This issue has a 15-year history that has resulted in numerous appeals and other ongoing disputes. This is an opportunity to resolve this issue and bring this lengthy and expensive history of conflict to a close without further intervention by BCFIRB being required. It is the Commission's hope and expectation that this can finally be accomplished.

Attached are a copy of the Commission draft report and for easy reference a copy of the Outline initially provided to the Association and PPAC.

Any questions or requests for meetings with the Commission can be directed to the Commission office.

BC Broiler Hatching Egg Commission

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Yours truly,

A handwritten signature in black ink, appearing to read "Stephanie Nelson".

Stephanie Nelson, Executive Director
BC Broiler Hatching Egg Commission

Cc:

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Jim Byrne – PPAC
Commission website
Commission newsletter



July 3, 2020

Peter Donkers
Chair
BC Farm Industry Review Board
PO Box 9129 Sn Prov Govt
Victoria, BC V8W 9B5

Dear Mr. Donkers:

REGULATION OF ASIAN BREEDERS

The following is provided in response to the February 27, 2020 and May 28, 2020 letters of the BC Farm Industry Review Board (BCFIRB). It represents the BC Broiler Hatching Egg Commission's plan and timeline for fully integrating the Asian Breeder sector into the regulatory framework governing hatching eggs, breeders, and saleable chicks under the British Columbia Broiler Hatching Egg Scheme.

Introduction and Consultation Process

This report originates from a framework developed at an April 22, 2020 meeting of Commission representatives with all Asian Breeder producers. On May 21, 2020, the Commission board accepted the framework in principle and authorized a consultation process to fine-tune the framework, get final acceptance from Asian Breeder producers and ensure that mainstream broiler hatching egg producers and other impacted stakeholders had opportunity to provide input.

This framework was then discussed with the directors of the BC Broiler Hatching Egg Producers' Association (BCBHEPA) to ensure that the directors understood the framework and the importance of bringing this issue to a constructive conclusion. This did not preclude the Association or mainstream broiler hatching egg producers from further input later in the consultation process as the framework evolved.

An initial outline of this report and the feedback from the Association directors was then reviewed with the Asian Breeder producers and hatcheries (currently integrated) and updated to reflect issues and comments to that point. Subsequently, the draft outline was circulated to:

- the BCBHEPA (which was requested to solicit comments from mainstream broiler hatching egg producers);
- the BC Egg Hatchery Association (BCEHA);
- the BC Chicken Marketing Board (which was requested to solicit comments from its Specialty Markets Advisory Committee and the BC Chicken Growers' Association);

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- the Commission’s Pricing and Production Advisory Committee (PPAC); and,
- the Commission’s website for the information and comment from other interested stakeholders.

All feedback received was discussed with the Asian Breeder producers and the BCBHEPA and incorporated into the final draft of this report.

It is the view of the Commission that this plan and timeline – established through a SAFETI¹-based process – is in accordance with sound marketing policy for the regulated BC broiler hatching egg sector.

Background

Regulatory questions pertaining to the Asian Breeder sector first arose in 2005 as part of BCFIRB’s Specialty Review. At that time, BCFIRB stated that “[t]he Commission’s belief that a specialty production and marketing management program is not required seems reasonable”, and noted that “[t]he Commission may wish to provide, if it has not already done so, a specific exemption for Asian specialty breeders.”

In 2009, an Avian Influenza event at a non-registered Silkie farm in the Fraser Valley highlighted a supply chain gap and risk to the BC poultry sector. BCFIRB instructed the Commission to address this gap by implementing and enforce Schedule 5 requirements for Asian Breeder producers. Schedule 5 of the Commission’s Consolidated Order outlines the biosecurity, food safety and (animal handling) code of practice expectations of hatching egg producers. BCFIRB also referred to the 2005 Specialty Review and asked the Commission whether the sector should be further regulated.

Initially, the Commission intended to further exempt Asian Breeder producers from regulation except for the Schedule 5 requirements. This had support from some Asian Breeder producers. Subsequently, the Commission reconsidered, announcing its intent to issue quota in support of orderly marketing, thereby enhancing its capacity to enforce Schedule 5 and other regulations through its powers to issue, suspend and rescind quota. Although this was prior to changes to the *Natural Products Marketing (BC) Act* that provided for administrative penalties (yet to be implemented), this additional enforcement mechanism that could be used in place of quota measures is no longer directly relevant to the fundamental question of whether Asian Breeders should be regulated.

Some Asian Breeder producers favoured this approach, and some did not. The matter became adversarial and difficult with the Asian Breeder sector and for the Commission. It was an ongoing challenge for the Commission to acquire information necessary to the management of a regulated product.

In 2015, the Commission announced a chick-based quota system. The system was driven by the Chicken Farmers of Canada allocation which drives the Canadian Hatching Egg Producers (CHEP) national allocation system. This was appealed to BCFIRB, which stated the following in its March 29, 2016 decision overturning the Commission:

¹ Strategic, Accountable, Fair, Effective, Transparent, Inclusive.

The panel finds that regulated a return to fewer producers of Asian chicks than now exist is not consistent with sound marketing policy. In the current market, chicken growers have more choice of chick producers and there is increased opportunity for the development of variety within hatching egg breeds. We heard compelling arguments that diversity of producers in the Asian hatching egg sector provides for a more resilient marketplace, increased production efficiencies with the sector overall and protection in the event of outbreaks of disease or other disasters. In our view, the Commission's orders fair to give sufficient weight to the importance of diversity amongst producers in the further development of this sector. (para. 117)

Subsequently, the Commission reconsidered its intention to further regulate Asian Breeder producers as exemption permitting would provide those producers the flexibility to achieve market demands, the ability to manage their own production and minimize their regulatory obligations. This would maintain the historical status of Asian Breeder producers and promote "diversity amongst producers in the further development of the sector."

An initial application to BCFIRB on August 19, 2016 for prior approval to exclude Asian Breeder producers from regulation apart from Schedule 5 was again appealed. BCFIRB initiated the supervisory review which continues today. The Commission was directed to undertake a further review and report back to BCFIRB.

On June 28, 2017, the Commission submitted recommendations to BCFIRB that addressed diversity, regulation, pricing, discovery (how the Commission would monitor Asian Breeder issues), new entrants, levies, compliance and enforcement, harm, and markets. The structure of the sector (producer/hatchery integration) was noted specifically. The Commission reiterated its commitment to the overarching policy objectives of the Ministry of Agriculture's Regulated Economic Policy and the Specialty Review. However, it was the Commission's view that except for Schedule 1 and Schedule 5, Asian Breeder producers should be exempt from regulation to support "diversity and further encourages flexibility and innovation" as mandated by BCFIRB in its March 29, 2016 appeal decision.

In a July 17, 2018 supervisory decision, BCFIRB did not approve the Commission's recommendation that Asian Breeder producers be exempted from regulation apart from Schedule 1 and Schedule 5. BCFIRB agreed that Asian Breeder producers should be "contributing to the sector's portion of the costs of administering and enforcing Schedule 5; and the sector's portion of federal levies resulting from reported specialty production to CHEP."

The Commission was directed to establish a condition-based transferable production permit for Asian Breeder producers that included a requirement for transfers to be approved by the Commission, Schedule 5 requirements, and "production volume by strain and volume of strain" by production cycle. Such permits not to be issued to a producer until that producer was in full compliance with Schedule 5.

BCFIRB also provided direction about the Commission involving the Asian Breeder sector in its strategic planning, establishing baseline (production) information, hatchery licensing, PPAC membership and industry entrants (new entrants).

Since July 2018, the Commission has:

- a. ensured all Asian Breeder producers are following Schedule 5;
- b. established Temporarily Regularized Producer Chick quota;
- c. directed Asian Breeder producers to commencing paying levies;
- d. appointed an Asian Breeder producer and an Asian Breeder hatchery representative to the PPAC;
- e. approved the transfer of Temporary quota from an exiting producer to another existing Asian Breeder producer (there are now five Asian Breeder producers);
- f. included the Asian Breeder sector in its strategic planning, including with respect to industry entry; and,
- g. conducted meetings with Asian Breeder producers as a group to discuss industry issues and examine regulatory implementation options.

Approach Leading to Regulatory Integration

Throughout the many years this issue has been before the Commission and BCFIRB, there have been many conflicting positions. Not only between the parties but internally within parties. This continued after the July 2018 supervisory decision of BCFIRB as the Commission in consultation with Asian Breeder producers attempted to identify solutions. Finally, at an April 22, 2020 meeting, the Commission felt it necessary to advance some guidance as to a proper regulatory framework and to get clarification on a range of issues. As a result, the following understandings were reached:

1. The option of Asian Breeder producers being exempted from regulation apart from Schedule 1 and 5 was offered to the Asian Breeder producers on several occasions. It has since been decided by BCFIRB. They shall not be exempted.
2. Production quota is issued to producers, not hatcheries. Therefore, quota policies must be established for Asian Breeder producers not hatcheries. Subject to the discussion below regarding transition, the Commission's objective is to establish a framework that could eventually support non-integrated Asian Breeder producers.
3. There are well-established, producer-based specialty chicken, dairy, egg, and turkey regulatory examples in BC.
4. Some of the Asian Breeder producers have integrated hatcheries which are all licensed as producer hatcheries: Bradner Farms, Coastline Chicks and Golden Feather Hatchery. The other two Asian Breeder producers have non-licensed "virtual hatcheries" that in practice operate through custom hatching arrangements. Given the current integrated economic model of the Asian Breeder sector, these custom hatching arrangements should continue pending a transition to a fully regulated, producer-based Asian Breeder economic model.

5. Currently, there are only two types of Asian Breeders for which to account, Taiwanese Chicken (TC) and Silkie. Genetics are a factor but for the purposes of planning and managing regulated production, it is possible for TC and Silkie hatching eggs to be shipped to a different hatchery and for a hatchery to place chicks with growers normally supplied from another hatchery.
6. As originally contemplated by the Commission in 2015, chick-based quota is appropriate for the Asian Breeder sector and levies will continue to be based on saleable chicks. Note: Mainstream levies are also based on saleable chicks and as the Commission is considering transitioning mainstream quota from hen-based to egg-based and, potentially, chick-based, this would provide regulatory consistency amongst all producers.
7. There are no immediate concerns regarding imports/exports and these issues will be reviewed during the transition phase.
8. Asian Breeder representation on the PPAC will continue but in the absence of a Commission SMAC, the Commission and the five Asian Breeder producers/hatcheries will continue to meet regularly during the transition phase.
9. Increased liaison and cooperation between the Commission, the Chicken Board and the "SMACs" is important going forward. Understanding processor (market) projections and placement requirements in the grower sector will assist in stabilizing hatching egg production (less peaks and valleys).

National and Provincial Reporting Obligations

Currently, approximately three percent of BC's national allocation is assigned to specialty production. Historically, there has been no substantive rationale or detailed data provided in support of that assignment. Asian Breeder production calculations to date have significant gaps and assumptions. It is essential that complete and accurate information about all BC hatching egg production is available in support of separating BC's mainstream and specialty allocations.

Although all the Asian Breeder hatcheries are all reporting through the Hatching Egg Reporting System, much more detailed work is required. Meat to egg ratio, rate of lay and hatchability of the two breeds are examples of the gaps. The payment of levies on a saleable-chick basis is also affected without further corroborating information. Closing this information gap must be a priority for the Commission and Asian Breeder producers as it is essential for the effective regulation and accountability of the specialty sector.

Although there is compliance with Schedule 5 requirements, including with respect to the general care of animals, there is no national (CHEP) animal care program specific to Asian Breeders. The Commission is working with Asian Breeder producers and CHEP staff in addressing this issue.

New Entrants

There is consensus amongst all stakeholders that entry into the industry should be restricted during a transition period that would allow the industry to transition to full regulation. This is especially important in terms of supporting a non-integrated producer (e.g., with a cost of production model). It is also understood that an Asian Breeder new entrant program will be considered as part of a larger review of the Commission's new entrant program for mainstream and, possibly, regional production.

Pricing

Except for turkey, the other three supply managed boards have cost of production (COP)-based pricing models. This supports having a similar model for Asian Breeder hatching egg producers. This would also be essential for a non-integrated Asian Breeder producer (e.g., a new entrant) and in keeping with the Commission's objective to have a more fulsome COP-based pricing approach for mainstream producers.

As the current pricing structure in the Asian Breeder sector is based on integrated operations, it has been agreed that interim pricing set by the Commission will be based on the following model:

Day-Old Price		\$ 1.1000		\$ 1.1200		\$ 1.1500
Hatchery Margin	\$ 0.1894			\$ 0.1894		\$ 0.1894
Add 10%	\$ 0.0189			\$ 0.0189		\$ 0.0189
		-\$ 0.2083		-\$ 0.2083		-\$ 0.2083
Saleable Chick (Producer)		\$ 0.8917		\$ 0.9117		\$ 0.9417
Saleable Doz (80% rate assum.)		\$ 8.56		\$ 8.75		\$ 9.04

Levies

Will remain at \$0.015 per saleable chick until such time as the COP review is initiated, at which time it will increase to the mainstream amount (currently \$0.019 per saleable chick). Levies paid by Asian Breeder producers will continue to be accounted for separately during the transition period.

Quota

The Temporarily Regularized Producer Chick quota will be fully regularized once accurate producer identification information and production data is available to the Commission for the purposes of confirming provincial quota allocations and to CHEP for the purposes of a separate national allocation.

Once fully regularized this quota will be subject to the same rules and policies currently governing mainstream quota (e.g., LIFO and 10/10/10). All hatching egg quota will be included in the upcoming Commission review of its quota policies.

Hatcheries

The three Asian Breeder producer hatcheries will continue to be licensed by the Commission and report under HERS. Pending a transition to a producer-based model (including pricing), the two custom hatching operations not licensed as hatcheries will also report hatching data through HERS, via the licensed hatchery eggs are set at. The Commission intends conducting a full review of its regulations, licensing, and reporting requirements for all mainstream and specialty hatcheries.

Association Membership

It is for the BCBHEPA to determine its membership and currently its constitution and bylaws restricts membership to mainstream producers.

The BCBHEPA is aware however, of the legal reality that Asian Breeder producers are now registered by the Commission under the British Columbia Broiler Hatching Egg Scheme. This means that in addition to paying levies, Asian Breeder producers are eligible to vote in Commission elections and stand for election to the Commission.

It is the Commission's understanding that specialty producers holding quota are not restricted from membership in the producer associations in the chicken, egg, dairy and turkey sectors.

Implementation Timeline

The Commission notes BCFIRB's July 31, 2020 deadline for implementation. Full implementation is not possible by that deadline, however, there is agreement on full implementation and that it occur as follows:

- full regularization of (Specialty) Quota as soon as the Commission is in possession of sufficient production information to confirm quota allocation and support application to CHEP for separate national allocations;
- interim pricing model in place by July 31, 2020;
- initiation of third-party COP review by December 2020 and,
- increase in Asian Breeder levies to mainstream amount (currently t\$0.019 per saleable chick) effective the commencement of a third-party COP review.

Amendments to the Commission's Consolidated Order will be drafted as required during this transition period. As well, the Commission will be reviewing its Consolidated Order to ensure that the production of broiler breeders and hatching eggs takes place only under quota, under permit or through exemption from regulation by the Commission. In addition to its current Small Lot Innovative Self-Marketing Program, the Commission will be putting in place provisions in its Consolidated Order to ensure any new types of production identified in future can be responded to and regulated appropriately.

Liaison with the Chicken Board and its committees, meetings between the Commission and Asian Breeder producers/hatcheries, the quota policy review and other measures arising out of the Commission's strategic

planning will be ongoing or placed in the overall Commission schedule and specific workplans as required. The Commission's strategic planning objectives and timelines are included in workplans which are routinely shared with all producers and stakeholders.

Conclusion

As outlined in the Background, this issue has been percolating in the hatching egg sector for 15 years. During that time there has been ongoing conflict, disagreements (including internally) as to whether the sector should be exempted or not, concerns as to what type of production quota was appropriate (chick based quota on the table, then off, now back on), how to distinguish hatcheries from producers and balancing genetics vs. the reality of managing a regulated production framework.

The Commission has worked constructively with all stakeholders to reach the consensus reflected in this report. It provides a way ahead for the Asian Breeder sector as part of the larger regulated BC hatching egg sector. This will bring a long-standing dispute to a close and allow the industry to move forward together.

Yours truly,

A handwritten signature in black ink, appearing to read "J. K. Collins".

Jim Collins, Chair
BC Broiler Hatching Egg Commission

cc: Asian Breeder Producers and Hatcheries
BC Broiler Hatching Egg Producers' Association
BC Egg Hatchery Association

BC Chicken Marketing Board

Commission website

We are moving!

As of **July 22, 2020**, the BC Broiler Hatching Egg Commission
will be now located at **#210 – 1848 McCallum Road,**
Abbotsford, BC



Good afternoon,

Unfortunately, we had to make the difficult decision to cancel this year's BC chicken growers and hatching egg producers Annual Chicken BBQ Picnic in Fort Langley Park that was scheduled for the first week of July. The Order from Provincial Health Officer, Dr. Bonnie Henry, to limit all public gatherings larger than 50 people is still in effect. This includes indoor and outdoor events.

We hope to see everyone next year!





Chicken Golf Tournament



All Donations without a 2020 Golf Tournament

\$25,052.00

#farmersfeedpeople

All funds raised are donated to community partners
Food Bank Starfish Program & Cyrus Centre



Thank You to the following Donors:

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See Everyone June 7, 2021 for the Annual Chicken Golf Event

A special thank you to the BC Chicken Growers' Association and the BC Broiler Hatching Egg Producers' Association for covering all costs associated with our 2020 Golf Tournament.
By assuming all costs, 100% of donations goes directly to our two charities!

CHEP Agriskills

This is a comprehensive online course that has been developed for hatching egg producers and their employees.

Based on real-world best practices used on farms across Canada, this simple, practical training package ensures that even the busiest farms can successfully train their workers quickly and with no down-time.

This course was developed in consultation with hatching egg producers and industry experts across Canada. The training is based on National Occupational Standards, which are national employee benchmarks that define the knowledge and behaviours required for job success.

This course is free of charge and can be completed at the student's leisure.

There are 21 modules in all. Each module covers a topic which consists of a learning portion with information and a quiz on that topic. Quizzes only advance once the correct answer is selected for each question.

After each completed module and corresponding quiz there is a certificate awarded showing the student has completed that module topic.

Modules usually take between 10-40 minutes to complete depending on the student, topic, and size of module.

This is a great opportunity for employers and employees to further their knowledge in the industry.

To sign up, please send Kaitlyn:

1. Full Name of student
2. Email address of student

For questions and to sign up for CHEP Agriskills, please contact Kaitlyn Loewen by phone (604-850-1854) or email (kaitlyn@bcbhec.com) to have an account created for you.