



BC Farm Industry Review Board

August 24, 2020

File: 44200-60/BHEC SPEC

DELIVERED BY EMAIL

Jim Collins
Chair
BC Broiler Hatching Egg Commission

Dear Mr. Collins,

BCFIRB'S SPECIALTY (ASIAN BREED) HATCHING EGG REGULATION SUPERVISORY DIRECTIONS

Thank you for your July 28, 2020 final report on the BC Broiler Hatching Egg Commission's (Commission) plan and timeline for fully integrating Asian breed hatching egg production into the regulatory framework governing BC's hatching egg production.

In its July 17, 2018 supervisory review decision, the BC Farm Industry Review Board (BCFIRB) issued directions to the Commission regarding regulation of specialty hatching eggs (Appendix A, attached).¹ Subsequently, the Commission requested extensions for fulfilling several of BCFIRB's directions. These extensions were granted, and BCFIRB set a deadline of July 31, 2020 for full implementation of specialty hatching egg production regulation.

The Commission reports that full implementation will not occur by July 31, 2020, but there is agreement on full implementation and provided the following plan:

- 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 [cost of production] review by December 2020; and,
- increase in Asian Breeder levies to mainstream amount (currently \$0.019 per saleable chick) effective the commencement of a third-party COP review.

The implementation plan includes several activities with no set dates for completion, including the issuance of quota. BCFIRB understands that issuing quota is dependent on producers providing certain information, however the Commission may wish to set a deadline to ensure this long-outstanding step is completed in the near future. Unless informed otherwise, BCFIRB's

¹ 2018 July 17. BCFIRB. In the Matter of the *Natural Products Marketing (BC) Act* and the Regulation of Specialty (Asian Breed) Hatching Egg Production.

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understanding is issuing the quota is not dependent on the Canadian Hatching Egg Producers Association (CHEP) establishing a separate specialty national allocation.

In relation to BCFIRB's direction on new entrants (Appendix A, paragraph 116), the Commission states there is now stakeholder consensus that industry entry should be "restricted during a transition period". However, it is unclear how long the transition period will be, what activities are needed to complete the transition period and whether the Commission plans on completing a review of its new entrant program prior to considering specialty new entrants.

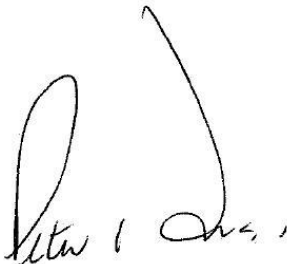
BCFIRB agrees it is generally a good management practice to put new entrant applications on hold while substantive regulatory changes are made. However, it is not effective or accountable to put new entrant applications on hold for an undefined period of time and without criteria as to what needs to be completed before new entrant applications will be considered.

After reviewing the Commission's final report BCFIRB is satisfied the Commission's work to date and stated implementation plan fulfills BCFIRB's 2018 supervisory directions. Going forward, BCFIRB asks the Commission to:

1. Notify BCFIRB by September 25, 2020 if the Commission has not received the necessary data and information from specialty producers to issue quota; and,
2. Be prepared to answer any future BCFIRB and/or stakeholder questions as to when the Commission will be accepting specialty new entrant applications.

As the Commission's report points out, how to best regulate BC specialty hatching egg production was a long-standing question with many different approaches considered since 2005. BCFIRB recognizes the extensive SAFETI-based² work the Commission undertook with industry to reach a regulatory solution.

Yours truly,

A handwritten signature in black ink, appearing to read "Peter Donkers". The signature is fluid and cursive, with a large initial "P" and "D".

Peter Donkers
Chair

Attachment: Appendix A BCFIRB July 17, 2018 supervisory directions

cc: BCFIRB web site

² Strategic Accountable Fair Effective Transparent Inclusive

Appendix A BCFIRB July 17, 2018 supervisory directions

111. The panel does not accept the Commission's regulatory recommendations that specialty hatching egg production be exempted from regulation with the exception of Section 1 and Schedule 5 as an adequate long-term solution for the sound marketing policy reasons discussed in this decision.
112. The panel does accept the Commission's recommendations regarding specialty producers contributing to the sectors 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.
113. The Commission is to immediately establish a condition-based transferable production permit for Asian hatching egg production. At a minimum the permit must include:
 - a) requirement that transfers be approved by the Commission;
 - b) biosecurity, food safety, premises ID, and animal care requirements; and,
 - c) current production volume by the permit holder including strain and volume of strain by production cycle, which at a minimum is to ensure that the Commission obtains up to date production information.

The Commission may set other conditions, as it sees necessary, to assist with management of the sector. Depending on the conditions, consultation may be appropriate.

114. Production permits are not to be issued to a producer until the producer is in full and current compliance with the Commission's biosecurity, food safety, premises ID and animal care Orders.
115. Specialty hatching egg producers must be in compliance with the condition set out in paragraph 115 above within 60 days of the date of this decision to be eligible to receive a production permit.
116. The Commission is to establish a framework for managing industry entry requests in conjunction with establishing rules for production permits.
117. The Commission is to include the Asian hatching egg sector as part of its strategic planning work starting in fall 2018. The panel expects there will be, at a minimum, a draft vision and strategic direction for this sector in place for 2019.
118. The Commission is to begin work immediately with specialty hatching egg producers and other value chain members to establish baseline industry information for its use by fall 2019.

119. The Commission is to proceed with licensing those hatcheries handling Asian hatching eggs that are not yet licensed. In relation, the Commission is to ensure all hatcheries handling Asian hatching eggs participate in and are compliant with reporting requirements under the Commission's Orders.
120. The Commission is to revise the PPAC membership to include at minimum one specialty hatching egg producer member, and consider including related hatchery representation.
121. An interim report on the status of these directions is to be provided to BCFIRB and industry stakeholders no later than December 31, 2018. The Commission is to revisit the question of regulatory tools no later than fall 2019 in the context of the vision and strategic direction for the sector.
122. The panel expects that the Asian hatching egg sector will be included as part of the Commission's annual Public Accountability Report to BCFIRB.