

December 4, 2020

VIA EMAIL

To All BC Hatching Egg Producers, Hatcheries and Other Stakeholders

**RE: STRATEGIC PLANNING**

On October 14-15, 2020, the BC Broiler Hatching Egg Commission conducted its strategic planning session for 2021. The Chair and members of the Commission's Pricing and Production Advisory Committee (PPAC) – representing mainstream and specialty producers, hatcheries, and the BC Chicken Marketing Board – attended part of the session, along with guest Dr. Jane Pritchard.

**Context**

As stakeholders are aware, in 2019 the Commission and the Chicken Board commenced the Chicken Industry Strategic Framework initiative. The progress of that initiative and the results of its stakeholder survey were reported out at the February 2020 Poultry Conference. Shortly after, because of COVID-19, the Commission and the Chicken Board suspended the initiative. Both boards remain dedicated to developing a larger, collective strategy to guide our industry toward a sustainable future for all stakeholders. However, due to the ongoing impact of COVID-19 and the requirement to resolve pricing issues in the sector, that suspension has been extended to sometime in 2021.

The financial impact of COVID-19 on the BC chicken sector has been significant. The consequences for the Commission and hatching egg producers have been serious. Nevertheless, certain issues must be addressed out of immediate necessity, others because they are necessary for the longer-term development and sustainability of the sector.

Originally, the 2020 Commission strategic plan was to be an element of the overall Strategic Framework initiative. For the same reasons leading to the suspension of the initiative, the Commission determined that refreshing the 2020 strategic plan and using much of it in 2021 to realize certain key initiatives made the most sense. This would also facilitate the completion of some critical issues such as pricing and Salmonella Enteritidis (SE) mitigation and set the stage for longer-term execution of other issues such as quota policies reviews.

The Key Initiatives come under three general headings: Strategic Framework for Industry; Quota Management; and Flock Health and were discussed with the PPAC at the October strategic planning session. The draft 2021 Key Initiatives flowing from that discussion are attached for review and comment from all stakeholders.

A reminder that the Commission's practice is to identify specific performance objectives in follow-up work plans for each key initiative. That said, the following will elaborate on some elements of the issues that will be addressed by the Commission in 2021.

## **Certain Elements of Key Initiatives for 2021**

### Pricing, Hatchery Margin and Breeder Chick/Vaccine Pricing

The Commission's positions, objectives and conditions have been clearly articulated in the supervisory review process of the BC Farm Industry Review Board's (BCFIRB). While understanding that pricing is critically important to all stakeholders, the Commission's statutory responsibility is to advance and defend the interests of the BC hatching egg sector to the fullest extent, aided by the Commission's strategic and accountable approach to pricing, including using the same cost of production formula as Alberta and Saskatchewan. This includes an increased focus on attaining efficiencies to reduce costs in the system.

### Quota Management

#### *Allocation System*

The Commission will be examining, in consultation with hatching egg sector stakeholders, the possibility of moving to an egg-based quota allocation system; with the potential to moving to a chick-based option as a further step in future. If proven feasible, the timing of a change to an egg-based system will be incorporated into the Commission's strategic planning for 2022.

#### *Asian Breeders*

Asian Breeder producers are now quota holders and part of the regulated system with the attendant rights and responsibilities. Implementation work remains ongoing and they will be included in the overall strategic planning for the sector. A major focus of the Commission in 2021 will be working with Canadian Hatching Egg Producers to separate the mainstream and specialty allocations at the national level.

#### *New Entrants*

Bringing new entrants into the industry during COVID-19 presents challenges. As part of its Quota Tools Assessment Review, which it intends to commence in the fall of 2021, the Commission will be reviewing its approach to new entrants by reassessing the current mainstream program, developing a program for Asian Breeder new entrants and, as outlined below, taking into consideration the potential for regional new entrants.

### *Hatching Egg Reporting System (HERS)*

HERS has been implemented with all hatcheries. The potential for better and more timely reporting in support of increased effectiveness in production management is substantial. In 2021, the Commission will continue to work with the hatcheries in perfecting the operation of HERS, improving forecasting and using that information in support of collaborative production management.

### *80/20*

Ensuring all BC hatcheries are operating under “80/20” (domestic/import ratio) has been a long-term objective of the Commission. As COVID-19 has shown, increased cooperation between the Commission and the hatcheries in forecasting and production management will assist the Commission in meeting its domestic allocation and the hatcheries in being able to maximize utilization of their TRQ.

### *Regional Diversification*

Part of the 80/20 and new entrant considerations involve looking at the possibility of regional diversification. This would be in accord with government’s policy goals (Ministry 2004 Regulated Marketing Economic Policy and BCFIRB 2005 Specialty Review). Of note is that about 13 percent of broiler production is now located in the Interior as well as two processors and two hatcheries. Consideration should be given to supporting this regional industry by Interior hatching egg production. This may include a mix of new entrants and re-location of established producers.

An equally important, if not more so, issue to consider is the concentration of hatching egg farms, and their long-term production cycle, in the Fraser Valley. Recent disease issues such as ILT and Blackhead (the latter specific to turkeys but demonstrating the potential consequences to a confined production area) are good examples of why this topic is worth considering.

In early 2021 the Commission will be publishing a discussion document for consultation with the industry about the opportunities and challenges involved in re-introducing hatching egg production in the Interior.

### Flock Health Management Strategy

The prevalence of SE in the BC hatching egg sector is unacceptable to the Commission. During 2020, the Commission has consulted with the BC Egg Hatchery Association, the BC Broiler Hatching Egg Producers’ Association and the Chicken Board about developing a new SE management program and testing protocols for the sector. As well, the Commission has reviewed SE management programs in other jurisdictions, including the new CHEP national program.

The Commission has engaged Dr. Jane Pritchard to assess all this information and develop a new SE management program for use in the BC hatching egg sector. This program will be distributed for comment

by PPAC and other stakeholders soon, with the objective of finalizing it and commencing implementation early in the new year. Once this SE program is fully functional, the Commission will be examining insurance options in consultation with industry stakeholders.

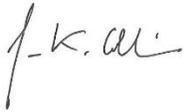
### Levies

The current levy remains listed at 1.9 cents. However, given the impact of COVID-19 and the resulting draining of its financial reserves, the Commission has not yet determined whether the current levy is sufficient. The Commission is exploring other funding options before making a final decision.

### **Invitation to Comment**

As mentioned, specific work plans incorporating timelines and performance objectives will be developed in support of these and other Key Initiatives on the attached draft. If stakeholders have questions or comments about these Key Initiatives – or believes other issues should take priority – please advise the Commission office not later than December 16, 2020 for consideration at the Commission's board meeting on December 17, 2020.

Yours Truly,



Jim Collins, Chair  
BC Broiler Hatching Egg Commission

### Attachment

cc: Commission website  
Jim Byrne - PPAC  
Bryan Brandsma - BCBHEPA  
Ryan Whitmore - BCEHA  
Bill Vanderspek - BCCMB

# 2021 STRATEGIC PLAN

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 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.

## OUR VALUES

Passion & exceeding expectations

Support of families and family farms / businesses

Self-improvement

Smart work with a dose of fun

Integrity

Results-oriented

Striving for excellence by thinking proactively

Act stewardly

## KEY INITIATIVES

### Strategic Framework for Industry

- I. Pricing
  - a. COP review and decision
  - b. Western Pricing Initiative
  
- II. Hatchery Margin
  - a. Decision

### Quota Management

- I. Review of Other Quota Systems
  - a. Quota Task Force
  
- II. Asian Breeders
  - a. Long-term plan development
  - b. Allocation divide nationally
  
- III. New Entrant Program
  - a. Regional Diversification
  - b. Update with QATSR
  
- IV. Quota Assessment Tools Supervisory Review
  - a. 10/10/10
  - b. LIFO
  - c. Submission to BCFIRB if changes are requested
  
- V. Hatching Eggs Reporting System (HERS)
  - a. Phase Two with the producer portal
  
- VI. 80/20
  - a. Hatcheries taking all domestic production

### Flock Health Management Strategy

- I. SE Mitigation
  - a. National Program Surveillance
  - b. Insurance Options

# ANNUAL FINANCIAL TARGETS

	2020	2021	2022
<b>Levy</b>	1.9 cents	1.9 cents	2.0 cents <sup>1</sup>
<b>% of National Allocation</b>	100%	100%	100%
<b>COP Recovery</b>	100%	100%	100%
<b>Domestic Average Hatch</b>	85.0%	85.0%	85.0%

<sup>1</sup> Subject to a 3-5-year budget

DRAFT

