

December 22, 2020

VIA EMAIL

To All BC Hatching Egg Producers, Hatcheries and Other Stakeholders

RE: STRATEGIC PLANNING FINALIZATION

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.

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 (BCFIRB). While understanding that pricing is critically important to all stakeholders, the Commission's statutory responsibility is to fully advance and defend the interests of the BC hatching egg sector. This is aided by the Commission's strategic, accountable, and transparent approach to pricing, including using the same cost of production formula as Alberta and Saskatchewan as well as developing a hatchery margin formula to support BC hatcheries. This includes an increased focus on attaining efficiencies to reduce costs in the BC hatching egg sector.

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 are 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 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. COVID-19 has also taught us larger lessons about societal vulnerability to disease.

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.

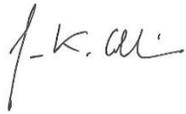
The Commission engaged Dr. Jane Pritchard to assess all this information and develop a new SE management program for use in the BC hatching egg sector. This program was distributed for comment by

stakeholders and discussed with the PPAC, with comments received being reviewed by the Commission at its December 17, 2020 meeting. Given the importance of SE mitigation, the Commission determined that it should proceed with implementation and will be reviewing the program at a producer meeting to be scheduled in January. Once this SE program is fully functional, the Commission will be examining insurance options in consultation with industry stakeholders.

Commission Stakeholder Feedback Review

On December 4, 2020 stakeholders were invited to comment on the draft strategic plan. Comments were received and considered by the Commission at its regularly scheduled Commission meeting on December 17, 2020. The 2021 Strategic Plan was adopted by the Commission as of that date.

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