

May 3, 2021

VIA EMAIL

All BC Hatching Egg Producers and Stakeholders,

**RE: PROPOSED HATCHERY LICENSE CRITERIA CHANGES EFFECTIVE DECEMBER 31, 2021**

The BC Broiler Hatching Egg Commission has been reviewing the general hatchery requirements outlined in the Consolidated Order. Considerations in this review include establishing provisions in support of maximizing 80/20 (the balance of 80% domestic and 20% import product) as part of the Commission's 2021 Strategic Plan.

More recently other issues have arisen with respect to mainstream and specialty producer-hatcheries. In the case of the former, producer-hatchery license holders have adjusted their existing or proposed business models from through putting their product to working exclusively via the mutually acceptable arrangements with another hatchery. In the latter case, an existing specialty producer has applied to be licensed as a new specialty producer-hatchery.

These circumstances have caused the Commission to examine its policies with respect to hatchery licensing generally and with respect to producer-hatcheries.

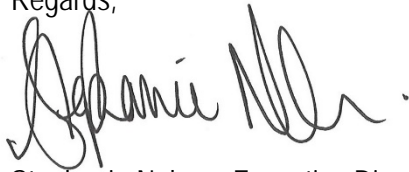
It is thought that mainstream hatcheries and mainstream producer-hatcheries licensed by the Commission should be contributing participants under the Official Flock Schedule and have the capacity to do so. Hatchery and producer-hatchery licenses should not be granted primarily as a means of providing the licensee with the ability to order broiler breeders without the capacity to hatch the production from those breeders.

Currently, all producers are obliged to order broiler breeders through their assigned hatchery. A producer-hatchery may also order its own broiler breeders, which is a financial benefit to the producer. This benefit is compounded if a producer-hatchery is delegating the actual hatching of its production to another hatchery via mutually acceptable arrangements. Whether individual producers, hatcheries (from whom breeder chick prices charged to producers include profit margins) or the Commission should be responsible for ordering broiler breeders is a larger question but here, the question is whether a producer should be able to operate a "shell" hatchery and receive financial benefits denied to other producers.

Although not part of the Official Flock Schedule, the capacity requirements for a specialty producer-hatchery are also being considered by the Commission.

All stakeholders are now requested to review the proposed Amending Order, attached, and provide feedback to the Commission by June 10, 2021. That feedback will be carefully considered by the Commission before reaching any decisions with respect to the proposed Amending Order. Please note that if the Commission should decide to pass the Amending Order, either in its current form or some revised form, it does not anticipate that such an Order would come into effect sooner than December 31, 2021. This would give all hatcheries time to adjust or raise exceptional circumstances for the Commission to consider before an Amending Order comes into effect.

Regards,



Stephanie Nelson, Executive Director  
BC Broiler Hatching Egg Commission

Attachment

**AMENDING ORDER  
TO THE  
CONSOLIDATED ORDER OF JANUARY 1, 2021**

**MADE BY  
THE BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION  
ON \_\_\_\_\_, 2021**

The British Columbia Broiler Hatching Egg Commission orders as follows:

1. *Section 2 of the Consolidated Order of January 1, 2021 is amended by replacing the definition of “Producer-Hatchery” with the following:*

**“Producer-Hatchery”** means a Hatchery that is affiliated with one or more Producers by reason of:

- (a) the Producer or Producers having a direct or indirect majority interest in the Hatchery and its associated Hatchery facilities, whether by means of shares (and irrespective of the class of shares) or by way of a share interest in a parent corporation; or
- (b) the Producer or Producers being controlled by the same Person or group of Persons who control the Hatchery.

2. *Subsection 3(1) of the Consolidated Order of January 1, 2021 is replaced with the following:*

3. (1) No Person shall act as a Producer, Hatchery, Producer-Hatchery, Processor or Transporter unless in possession of a valid and subsisting licence issued by the Commission, and no Person shall be relieved of compliance with this requirement in respect of any class of licence on the grounds that such Person is the holder of a valid and subsisting licence of another class.

3. *Section 6 of the Consolidated Order of January 1, 2021 is replaced with the following:*

**Special Conditions for Hatcheries**

6. It is a condition of issuance and maintenance of every Hatchery Licence that the applicant or holder:
- (a) own and maintain a facility for the hatching and incubation of Broiler Hatching Eggs into broiler chicks for delivery to a Grower, with sufficient minimum capacity to accommodate all Marketable Eggs produced by 15,000 broiler breeders at peak production;
  - (b) accommodate all production from at least one Producer assigned to that Hatchery pursuant to the Official Flock Schedule;
  - (c) order and arrange for the placement of day-old broiler breeder pullets in accordance with the Official Flock Schedule;
  - (d) pick up Marketable Eggs produced by each Producer assigned to that Hatchery pursuant to the Official Flock Schedule;
  - (e) place Marketable Eggs produced by the Producer or Producers referred to in the preceding paragraph into its incubators in a timely fashion and as soon after such Marketable Eggs are laid as is reasonably possible.
  - (f) make and maintain mutually acceptable arrangements (the form and substance of which must also be approved by the Commission in writing) with one or more chicken Growers duly licensed by the British Columbia Chicken Marketing Board for the purchase and sale of all Chicks hatched from Broiler Hatching Eggs produced by the Producer or Producers referred to in paragraph (c); and
  - (g) satisfy the Commission that the chicken Grower or Growers referred to in paragraph (e) have each made mutually acceptable arrangements with one or more chicken processors duly licensed by the British

Columbia Chicken Marketing Board for the purchase and sale of all chicken grown from Chicks hatched by the applicant or holder, for a term not less than six production periods of eight weeks each.

4. *Section 6.1 is added to the Consolidated Order of January 1, 2021 immediately after section 6, as follows:*

**Special Conditions for Producer-Hatcheries**

- 6.1 It is a condition of issuance and maintenance of every Producer-Hatchery Licence that the applicant or holder:
- (a) own and maintain a facility for the hatching and incubation of Broiler Hatching Eggs into broiler chicks for delivery to a Grower, with sufficient minimum capacity to accommodate the greater of:
    - (i) all Marketable Eggs produced by 15,000 broiler breeders at peak production; or
    - (ii) all Marketable Eggs produced by the affiliated Producer or Producers at peak production.
  - (b) place all Marketable Eggs produced by the affiliated Producer or Producers into its incubators in a timely fashion and as soon after such Marketable Eggs are laid as is reasonably possible;
  - (c) make mutually acceptable arrangements with another Hatchery (the form and substance of which must also be approved by the Commission in writing) to receive and purchase any and all Broiler Hatching Eggs produced by the affiliated Producer or Producers that, in extraordinary circumstances, cannot be placed by the applicant or holder into its incubators in a timely fashion and as soon after such Marketable Eggs are laid as is reasonably possible;
  - (d) make and maintain mutually acceptable arrangements (the form and substance of which must also be approved by the Commission in writing) with one or more chicken Growers duly licensed by the British Columbia Chicken Marketing Board for the purchase and sale of all Chicks hatched from Broiler

Hatching Eggs produced by the affiliated Producer or Producers;

- (e) satisfy the Commission that the chicken Grower or Growers referred to in paragraph (d) have each made mutually acceptable arrangements with one or more chicken processors duly licensed by the British Columbia Chicken Marketing Board for the purchase and sale of all chicken grown from Chicks hatched by the applicant or holder, for a term not less than six production periods of eight weeks each; and
- (f) accept and purchase Broiler Hatching Eggs other than from the Producer or Producers affiliated with the applicant or holder whenever directed to do so by the Commission, in which event, the applicant or holder must also:
  - (i) order and arrange for the placement of day-old broiler breeder pullets in accordance with the Official Flock Schedule;
  - (ii) pick up Marketable Eggs produced by each Producer assigned to that Producer-Hatchery pursuant to the Official Flock Schedule; and
  - (iii) place Marketable Eggs produced by the Producer or Producers referred to in the preceding paragraph into its incubators in a timely fashion and as soon after such Marketable Eggs are laid as is reasonably possible.

5. *This Order comes into effect on \_\_\_\_\_, 2021.*

**DATED at Abbotsford, British Columbia, on \_\_\_\_\_, 2021**

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

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Jim Collins, Chair