



2020 Annual Report

BC BROILER HATCHING EGG COMMISSION

BCBHEC 
established 1988

Contents

OUR VISION	3
OUR MISSION.....	3
OUR PURPOSE.....	3
OUR BIG, HAIRY, AUDACIOUS GOAL	3
MESSAGE FROM THE CHAIR.....	4
CANADIAN HATCHING EGG PRODUCERS' 2020 PROVINCIAL REPORT.....	6
BCBHEC BOARD OF DIRECTORS	8
BCBHEC STAFF	8
ON-FARM TEAM REPORT	9
MESSAGE FROM THE PRODUCERS' ASSOCIATION PRESIDENT	10
ERT FUNDS REPORT	12
COMMITTEE REPORTS	13
2020 ACCOMPLISHMENTS.....	23
BC APPEAL PROCESS	24
STATISTICS & QUOTA MANAGEMENT.....	27
BCBHEC FINANCIAL STATEMENTS.....	48
BCBHEPA FINANCIAL STATEMENTS.....	66
NOTES	74
32 ND ANNUAL GENERAL MEETING AGENDA.....	75

OUR VISION

It is through cooperation with industry stakeholders that our greatest successes will be derived.

OUR MISSION

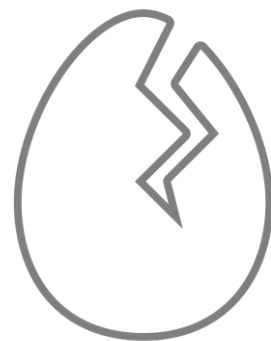
The mission of the British Columbia Broiler Hatching Egg Commission is to oversee the production activities of the BC Broiler Hatching Egg producers and regulate the marketing of their product and to act as a leader for the BC Broiler Hatching Egg producers in dealing with other participants in the chicken meat industry, with stakeholders in the national marketing scheme and with provincial and municipal government bodies.

OUR PURPOSE

As 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 a leader in the chicken industry in Canada.



MESSAGE FROM THE CHAIR

2020 was a tough year. COVID-19's impact extended far, wide and deep. Along with the rest of society, the Commission, the hatching egg sector, and the BC chicken industry at large faced many obstacles throughout 2020. COVID-19 has underscored the interdependence of stakeholders in the BC chicken industry and the necessity for coordinated efforts to meet COVID-19 and other challenges in future.



The Commission must express its sincere appreciation for the extraordinary efforts undertaken by so many industry stakeholders – organizationally and individually – in working together to ensure the BC chicken supply chain continued to provide BC chicken to the marketplace. This was not easy and came at a great cost. At the same time, changing market demand created pressures that required rapid and significant changes to managing production throughout the chain. Commission staff, led by Stephanie Nelson and Joshua Crossett, worked long hours in sometimes trying circumstances to respond operationally and to provide this and other support needed by the Commission to regulate the hatching egg sector in 2020.

The demands of COVID-19 resulted, after consultation with stakeholders, in elements of the 2020 Strategic Plan being rolled over into the 2021 plan. Nevertheless, significant progress was made by the Commission in 2020 on several fronts. It has established a closer working relationship with the BC Chicken Marketing Board that will lead to a more cohesive regulatory framework for the BC chicken industry. The Commission and the Chicken Board reported out on the Chicken Industry Strategic Framework at the 2020 annual general meetings and will further engage stakeholders in that initiative post COVID-19. The co-location of the two boards in July 2020 is already showing results in day-to-day operations and in ongoing inter-action between the two boards. Most critically in the short-term, both boards committed to establishing jointly a new approach to pricing for the BC chicken industry – and potentially in the west and nationally.

Pricing is critical to all stakeholders and the two boards are working to bring pricing stability and certainty to the sector as part of the BC Farm Industry Review Board's supervisory review. It is important to remember that this new approach to pricing will include increased focus on supply chain efficiency and cost reduction. These are critical to the future of the BC as a high-cost province.

The ongoing integration of specialty production into the BC and national regulatory framework continued through 2020 with full integration expected in 2021. Commission staff have worked closely with specialty producers and hatcheries to confirm production levels and establish reporting requirements using the Hatching Egg Reporting System (also now in use by mainstream hatcheries).

Salmonella Enteritidis remains an issue for BC producers and hatcheries. Given the potential implications for public health, resolving SE issues is a key objective of the Commission. In 2020, with the assistance of Dr. Jane Pritchard and in consultation with stakeholders, the Commission developed and implemented a new SE mitigation program which will be trialed through 2021. At the same time, the Commission will be examining SE insurance options to be implemented in 2022 once the mitigation program is fully in place.

COVID-19 has also impressed upon the Commission the need to further consider regional diversification. Avian Influenza was an issue in the Fraser Valley in 2004 and in 2014. In 2020, COVID-19 again demonstrated that the Fraser Valley is particularly susceptible to the impact of viruses. The feasibility of re-establishing hatching egg production in the Interior, which already has about 13 percent of BC chicken production, two processing plants and two hatcheries, must be examined.

The teamwork displayed by Commission board members and staff during 2020 was often above and beyond what is expected in normal times. This was essential to successfully navigating COVID-19.

I would like to acknowledge here the four producer members of the Commission: Calvin Breukelman, Beata Kunze, Daniel Zylstra and Joe Neels. Being willing to serve as a regulator on the Commission is not for the faint-hearted at the best of times – which 2020 was not. Throughout all the challenges in 2020 they stepped up to make sometimes exceedingly difficult decisions. Although all are long-term producers and very aware of the needs and concerns of hatching egg producers, Calvin, Beata, Daniel, and Joe have also worked to understand and consider the interests of all stakeholders in the supply chain. All also fully engaged with the Chicken Board in discussing pricing and other strategic issues important to the future of the BC industry. They have helped set the stage for further progress in 2021 and beyond.

Jim Collins
Chair

CANADIAN HATCHING EGG PRODUCERS'

2020 PROVINCIAL REPORT

2020 started off like any year with strong performance from broiler breeder flocks and producers but ended up presenting one of the biggest disruptions in recent memory that our industry and Canada has seen. The impact of COVID-19 has been significant and at the same time has varied considerably based on sector, province and even from one family to another. Difficult choices to rapidly curtail the production of hatching eggs were made in order to meet a drastic reduction in demand for chicks in the spring. In total, production was less than originally forecast for 2020.



The pandemic brought a need to refocus on core activities and to address the dramatic decline in chicken demand that was experienced in the spring. Demand continued to be less predictable than in typical years, with numerous late-stage re-considerations of chicken allocations that brought significant uncertainty to the hatching egg sector. Throughout 2020, our sector's perseverance was demonstrated regularly in the face of rapidly evolving challenges.

The pandemic also impacted and delayed industry and government-led research, along with many government activities. As a result, regulatory updates and consultations were paused. Therefore, while progress on consultations on the *Hatchery Regulations* was made, the update itself is once again delayed with more detailed information to come in late 2021.

There is little to report on international trade negotiations as the work was severely impacted by the pandemic at both the World Trade Organisation and the negotiations with the Mercosur countries of South America. However, the new NAFTA, called the Canada – United States – Mexico Agreement (CUSMA) came into force in July of 2020 and Global Affairs also updated some of its policies that govern the import of TRQ. CUSMA did not grant any additional access to broiler hatching eggs or chicks, so imports under CUSMA will look the same as past imports under NAFTA. A provisional agreement was reached between Canada and the United Kingdom that did not provide any additional access on supply managed products. However, a long-term agreement is still to be developed.

The initial pandemic-related restrictions came into place in the midst of the verification audits being conducted for 2019's production. Therefore, we were significantly delayed in being able to present the 2019 verified production and to assess overproduction penalties, as the audits moved online while many workplaces were forced to work remotely and struggle with the impacts posed by the pandemic.

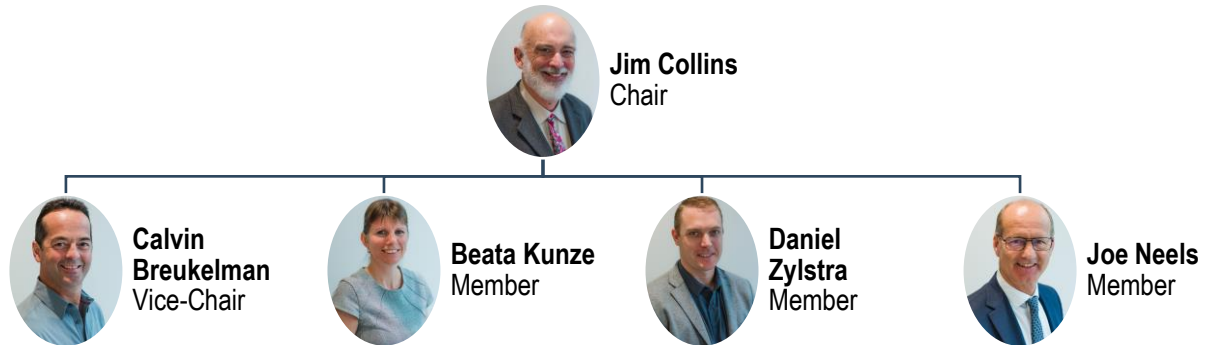
One positive that was achieved after significant advocacy and consultations with the federal government was the announcement in November 2020 of a federal support program for poultry

and egg producers impacted by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) trade agreement which had come into force in 2018. Details of the programs will be released in 2021 when they launch but \$691 million will be allocated to both an on-farm investment program and a marketing program dedicated to poultry and egg producers. The federal government continues to indicate that they intend to provide additional compensation for the CUSMA agreement and for processors for both agreements.

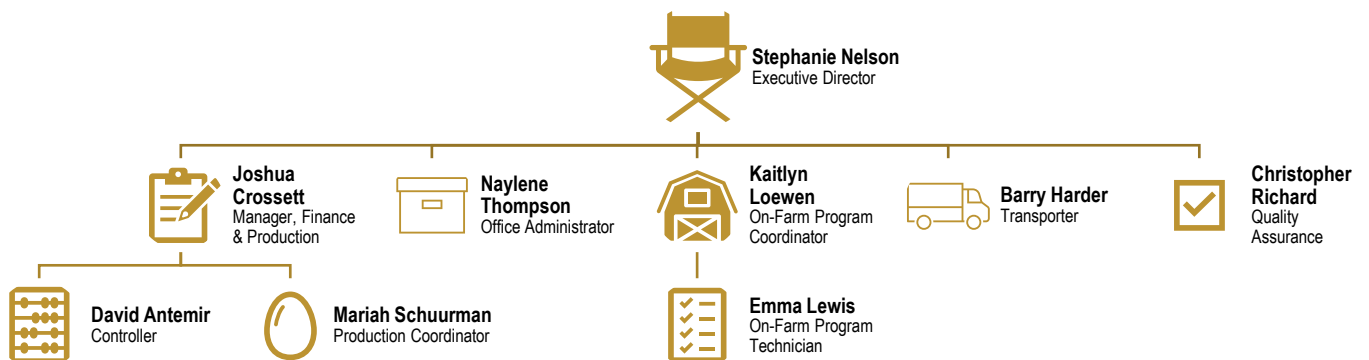
In the summer of 2020, CHEP was also able to launch the third-party systems audit of the Animal Care Program (ACP). This additional layer of verification demonstrates to industry, government and the public the strong commitments that hatching egg producers have to the care and welfare of their flocks. Additionally, it supports consistency in how the program is audited at the producer level and implemented at the provincial level. As the ACP is based upon continuous improvement like CHEQ™, additional updates are expected in the future as we continue to learn from the launch of the audits.

With 2020 now behind us, we can look forward to a reopening of the Canadian economy in 2021 with the rollout of vaccination campaigns that are focused on essential workers, including in food production, then the broader population and with luck, a return to predictability in the hatching egg industry. 🍄

BCBHEC BOARD OF DIRECTORS



BCBHEC STAFF



ON-FARM TEAM REPORT

Audit Programs

BC Hatching Egg Producers continue to implement the CHEQ™ Food Safety Program, Animal Care Program™ and the BC Biosecurity Program. The transition to a 15-month audit cycle with the implementation of the Animal Care Program went smoothly. Producers kept on schedule for audits in 2020. Our producers are 100% compliant in all programs.

ABC Audit Producer Binder

Once the Animal Care Program launched, the On-farm team developed an easy-to-use tool to help our producers organize their paperwork. The ABC Audit Producer Binder was developed to be a tool to use every day on-farm to maintain organized records and have one place to house all program documents. This binder consists of specific program sections, tabs for each record, helpful tips, record examples and blank documents for producers to use. This initiative is now in the implementation stage.

Barn Specification Updates

2020 concluded all initial audits for the Animal Care Program, which require up-to-date barn specifications for all premises. Our barn specifications update is nearing completion with minimal outstanding specs due to barn renovations. These barn specifications include square footage, make and models of all equipment, number of feeders, number of waterers and number of nest boxes. Together, these specifications determine the new stocking density requirements under the Animal Care Program.

Salmonella Testing Program Update

The On-Farm team and other staff members worked on developing a Salmonella Enteritidis (SE) Framework for the Commission. This Framework consisted of recommendations from national, hatchery and veterinary level. SE testing will be shifting from solely reactive testing at the hatchery level, to routine and reactive. This framework is now in the implementation stage.

We have thoroughly enjoyed overseeing the On-Farm department at the Commission this year and look forward to another year.

Kaitlyn Loewen

On-Farm Program Coordinator

Emma Lewis

On-Farm Program Technician

MESSAGE FROM THE PRODUCERS' ASSOCIATION PRESIDENT

"It is a mistake, to think of peace as some final state of nirvana that beckons seductively somewhere around the bend. We have to get rid of the idea that there is some terminal date, after which we live with a consciousness of harmony" – Dr. Henry Kissinger.

In my first year as chair of the BC Broiler Hatching Egg Producers' Association I was met with the Avian Influenza outbreak. This is my final year, for now, and along comes Covid-19. Needless to say there's always something. Fortunately, in every year I've had the privilege to work alongside fantastic, energetic, knowledgeable and passionate directors who have the best interests of hatching egg producers in mind. I've also had the benefit of working alongside some fantastic hatching egg commission staff. I have learned that there is a lot going on behind the scenes that keeps our industry going, and countless daily decisions that are made with the best intentions for our industry. There are many things in our industry that we can't plan for. The dynamics of a change in breed performance is the one that most often comes to mind, or perhaps an on farm disaster that takes out an entire flock or two. But no one (except perhaps Bill Gates!) could have predicted a worldwide pandemic that pushed our industry to the max in our ability to adapt. (Why toilet paper? Why not stockpile chicken? People are strange).



The association this year continued its work and adapted to conference calls, and yes everyone's favourite four-letter word, ZOOM. With the many changes that occurred due to the pandemic in our industry, we kept our focus in making sure Producer and industry interests were at the forefront of every conversation and meeting.

Art continued his work as a knowledgeable and consistent voice at the Pricing and Production Advisory Committee. This year saw many conversations and discussions regarding allocation, imports, and kill age, with the latter 2 being in great focus and contention due to the problems associated with the Covid pandemic. Discussions around a new SE testing framework we're also at the forefront in a number of meetings, and is something still in progress. The year also began with discussions on development of a new pricing model within our industry, particularly hatching eggs, and we are now in the homestretch of that process. Thank you to the Commission staff for all the work done in this process.

Angela again represented Hatching Eggs at the Poultry Association level, bringing her knowledge and passion for the industry to the many arenas of discussion, including animal activism and issues with ILT vaccines. She also represents the Poultry industry at Investment Agriculture Foundation, chairing that committee. Angela finds herself, too, on the SPFG committee, vetting and providing funding for projects that benefit the Poultry industry as a whole. Alongside Sandra she also works closely with BC chicken growers in the running of the Poultry in Motion trailer. A number of upgrades were made to it this year and we look forward

to it getting back on the road and into schools and fairs, educating the public about chicken production in BC. Sandra and Angela and myself also continue to be involved with the #ChickenGolf tournament. It was cancelled last year due to Covid, but we look forward to running it again this year alongside the Chicken Growers, promoting BC Chicken, while raising money for two great local charities, the Cyrus Center for at risk youth, and Archway food bank.

Wayne also represented hatching eggs at the Poultry Association level, and continued to be a strong voice in his vital and busy role of representing the Poultry Industry at the British Columbia Agriculture Council.

Sandra continues to be the engine that keeps the association running. Her work in administration, organization and finance is often unheralded. She is truly indispensable to hatching eggs and the poultry industry as a whole.

It has been a busy, unique year. So what is on the horizon? This upcoming year will most likely see changes in our pricing scheme. Your Producer Association continues to be involved in that process and is providing input where needed. Upon completion of the new SE testing framework, we hope to tackle the issue of farm gate sales within our industry, and maybe open up that possibility again for hatching egg producers. Your association will continue to be a voice to the commission as they work hard through their strategic plan, ensuring that producers' best interests are being looked out for.

Above is a quote by Dr. Henry Kissinger. It was made during the Vietnam War. He sought to articulate his belief that after the war, there will be another problem or crisis, another hurdle to jump. That is, there will be something again and again that will stand in the way of what we expect life to be like. I've noticed with the hatching egg industry, that there is always something. Always something that stands in the way of what we hope and expect our industry to look like. Why does my hatch fluctuate so much? I'm pretty sure we're not making her COP. I remember when there were only four people in the commission staff, can we not run things more efficiently? SE. Small eggs. Quota allocation. Chick base quota, egg-based quota, fertile egg... Imports. Squandered Eggs. Hatchery margins. Vaccine cost. Spiking male program. All comments and concerns that have come across the Producer Association table - I'm sure I've missed a number more! There is always something. But the hatching egg industry is a living, breathing, moving, changing, exciting, dynamic industry. And not for the faint of heart! We should expect there to be always something. So how we react is important. We can hang our heads, shrug our shoulders and say as a fatalist, "oh well." Or we can step up and face the challenge. We can do what we can, applying everything we've learned across all sectors, to make things better. Because, you know, we are all in this together.

Thank you for the privilege of serving you all as Hatching Egg Producers.

Bryan Brandsma
President

ERT FUNDS REPORT

The BC Broiler Hatching Egg Commission ("Commission") holds funds on behalf of the Emergency Response Team ("ERT"). The funds comprise contributions by the BC Egg Marketing Board, BC Turkey Marketing Board, BC Chicken Marketing Board, and the Commission. The funds are restricted to expenditures relating to Avian Influenza by the ERT.

As at December 31:

	<i>2020</i>	<i>2019</i>
Cash	<u>\$ 130,373</u>	<u>\$ 129,931</u>

Year-ended December 31:

	<i>2020</i>	<i>2019</i>
Contributions	\$ -0-	\$ -0-
Interest	442	956
Expenditures	<u>-0-</u>	<u>-0-</u>
Net revenues	<u>\$ 442</u>	<u>\$ 956</u>

COMMITTEE REPORTS

BC POULTRY ASSOCIATION – 2020 YEAR IN REVIEW

The purpose of the BC Poultry Association (BCPA) is to lead the regulated BC poultry associations on common issues that strengthen and improve the well-being of regulated poultry farmers.

Current BCPA Directors

- Directors are appointed by the four member associations; each association appoints their chair and one other director. The association represented by the Chair appoints an additional representative.
- In addition, each Marketing Board/Commission appoints one producer director representative to the BCPA. These positions are ex-officio and non-voting.

Name	Sector and position on BCPA
Steve Heppell	Turkey, Chair
Bryan Brandsma	Hatching Eggs, Vice Chair
Dale Krahn	Chicken (also on the Provincial Wood Fibre Steering Committee)
Fred Redekop	Chicken
Mark Siemens	Eggs, Treasurer (also on the Abbotsford Ag Committee)
Dan Kampen	Eggs (also an alternate Emergency Operations Centre Director)
Angela Groothof	Hatching Eggs (also the IAF poultry rep, poultry rep for the Centre for Governance in Agriculture)
Steve Froese	Turkey
Stan Thiessen	Turkey (also the SPFG Chair)
Allen James	Environment rep – non-voting
Beata Kunze	<i>Ex-officio</i> , Hatching Eggs
Ray Nickel	<i>Ex-officio</i> , Chicken
James Krahn	<i>Ex-officio</i> , Turkey
Matt Vane	<i>Ex-officio</i> , Eggs

Other Poultry Committee Appointments

- Wayne DeJong – BC Agriculture Council (BCAC) poultry rep, Biosecurity Committee
- Hester Mulder - BCAC's Public Trust Committee, Chair of the Biosecurity Committee
- Chris Vanrietschoten – BCAC's Labour Committee

Meeting highlights

- The BCPA had four director meetings – one in person and three via Zoom.
- The BCPA wrote the following letters:
 - To the BC Ministry of Agriculture (provincial vet lab) regarding Infectious Laryngotracheitis (ILT)

- A letter of support to the BC Egg Marketing Board for their Innovative Euthanasia Method for Spent Hens IAF Application
- To Rayna Gunvaldsen, BC's Chief Veterinary Officer supporting the BC Turkey Marketing Board's request to make Blackhead reportable
- To the BC Turkey Marketing Board in support of their Blackhead project
- To the provincial Agriculture Minister regarding animal activists
- To the BC Agriculture Council to provide input on the Canadian Federation of Agriculture's public outreach campaign's messaging
- BCPA participated in activist round table meetings sponsored by the BC Ministry of Agriculture and participated in BCAC led animal activist meetings
- Infectious Laryngotracheitis (ILT) was discussed at several meetings. Follow-up letters were sent, a virtual meeting with local vets was held, and a follow-up survey on vaccine use was done.
- The BCPA recommended that producers move to yellow biosecurity status in November because of the widespread high path AI outbreaks in Europe and Asia. It was also a proactive action to address the possibility of an outbreak under Covid restrictions.
- BCPA directors attended the BCAC, IAF, and WorkSafe AGMs.

Biosecurity Committee

After the reprinting of the manual in 2019, the Committee held its first virtual meeting in November to start the 2021 manual review process.

Emergency Operations Centre (Avian Influenza and Covid-19)

In a non-outbreak year, four Section Chief meetings and one meeting open to the entire EOC committee team are held. Senior regional CFIA staff, AGRI staff and AgSafe staff are invited to participate in all the meetings. The goal of the quarterly meetings is to further communication and teamwork and to advance the poultry sector's preparedness for a possible avian influenza outbreak or other emergency.

As of September, Allan Cross is the EOC director. Dan Kampen is taking a year off the EOC. Marvin Friesen stepped off the EOC, so the EOC is looking for an additional EOC director.

This was a very busy year for the EOC considering it was a non-outbreak year. In March, the four Boards and Commission requested that the EOC be activated to deal with the emergency issues arising from COVID. After discussions with the BCPA, the ECO was activated, but only to the level of the EOC director (Dan Kampen) and Liaison Officer (Christine Koch). They were activated to handle COVID communication across the four poultry sectors. The director and liaison officer attended weekly poultry supply chain conference calls and the liaison officer developed weekly COVID summary updates that the Boards and Commission could circulate to their members. The weekly updates were provided from the end of March to the end of May. At that point, the EOC was de-activated.

Section chief meetings became monthly in September as section chiefs worked with the CFIA to plan for a possible AI outbreak under Covid restrictions. SOPs and procedures had to be rewritten to meet Covid requirements. AgSafe developed new factsheets for farms to assess and deal with worker exposure risk and safety. The new Covid protocols will greatly complicate an AI response. There won't be an in-person EOC or incident command centre. Virtual and socially distanced training and meetings will be the new norm.

The new Emergency Response Plan binders and memory sticks with all the Google Drive documents were delivered to all the EOC section chiefs.

The annual flu shot reminder letter was sent out.

A reminder was sent out in December for producers to review their COVID action plans.

Rapid Response

Allen Knowles is the industry lead for rapid response teams. Sandra Lepp coordinates the rapid response teams and works to verify membership and team status. The team membership lists are almost complete other than a few vacancies for Biocon. Industry rapid response teams held virtual meetings with their CFIA counterparts, and some teams participated in socially distanced training exercises with CFIA team members. Several rapid response team members were fit tested.

A new list of industry contacts was developed to provide extra surge capacity during the initial days of an AI outbreak. These allied poultry businesses volunteered to provide staff and equipment on an as needed basis.

AI Surveillance

The provincial vet lab continues to test high mortalities in turkeys and eggs as part of AI surveillance. Early detection of AI should help minimize the spread of AI. 🦃

SUSTAINABLE POULTRY FARMING GROUP – 2020 ANNUAL REPORT FOR ASSOCIATIONS

The Sustainable Poultry Farming Group (SPFG) is an industry-led organization that has representation from BC's four supply managed poultry sectors – hatching eggs, broilers, turkeys and table eggs. SPFG is a committee under the BC Poultry Association (BCPA). SPFG provides the coordination and the voice for the supply managed poultry sectors to promote sustainable and environmental farming practices and the implementation of innovative management technologies. SPFG is poultry farmers and industry working together to proactively address issues that affect BC's poultry sector. The SPFG's focus is the long-term sustainability of the BC poultry sector.

Current directors are:

Name	Sector
Stan Thiessen, Chair	Turkey and BCPA
Angela Groothof	Hatching Eggs
Brian Whitta	Chicken
Hester Mulder	Eggs

SPFG held two virtual Zoom director meetings in 2020 and reviewed six applications for funding or letters of support. The current projects are listed below. Total approved funding for the year was \$19,775.

CURRENT PROJECTS

2020-01 - Feasibility study on a poultry-specific anaerobic digester

Under CleanBC the province's target is to reach 15% Renewable Natural Gas (RNG) utilization in pipelines by 2030. One way that agriculture can help to meet this target is by constructing new anaerobic digesters (ADs) to produce RNG. Due to the amount of nitrogen in poultry litter, it has only been used as a supplementary feedstock as opposed to a primary feedstock because of the formation of large quantities of ammonia. The large quantities of ammonia will kill the beneficial microbes in the digester and any hope of producing RNG. In the last couple of years, there have been technological advancements that treat the poultry litter in a manner to solve the ammonia formation concerns. The project would hire a contractor to perform a feasibility study on a poultry-specific AD.

- A letter of support and \$3,000 funding was approved. The project was later put on hold due to Covid budget impacts.

2020-02 - The BC Ag Industry Symbiosis Centre

A project that at the EcoDairy that would include dairy/poultry/hog manure co-digestion and UBC doing genomics analysis. In addition, they have secured an option on land to build a new

digester and fertilizer plant. The focus will be on processing poultry farm residuals; about 100 tonnes of poultry manure per day.

- A letter of support was provided

2020-03 - Managing extreme heat report

The heat management technologies currently used by Fraser Valley producers may not meet future cooling requirements of extreme heat events because of climate change. As heat events become more extreme and more common, this may necessitate changes to flock management strategies and adoption of new technologies. Lessons can be learned from poultry-producing areas that are already warmer than the Fraser Valley. Georgia, Ontario and the UK were the regions that frequently arose in the jurisdictional scan. The literature review and jurisdictional scan of technologies and management practices found that some Fraser Valley producers are already using effective cooling methods.

- Directors reviewed the report and provided suggestions for future follow-up action.

2020-04 - Manure Dryer at Seabreeze Farm

There have been and continue to be efforts towards solving the nutrient surplus issue in BC. Some of these efforts have resulted in livestock farmer's acquiring land outside of nutrient-rich areas, such as the Fraser Valley. While this approach presents a solution, the cost to transport manure can be high. Furthermore, this cost is anticipated to rise as farmers have to look further and further away to find land able to accept their manure.

Seabreeze Farm applied for funding from IAF for a belt dryer. The dryer, from Dorset Green Machine in the Netherlands, is widely used in Europe to dry all types of manure, including dairy, hog and poultry. It is proven technology in Europe. However, it doesn't exist in BC, or even Canada.

Belt dryers enable farmers to dry manure. This drying process sterilizes manure, makes handling and storage easier and less costly, and reduces the weight of manure; significantly reducing the cost to transport outside of nutrient-rich areas. If a belt dryer can successfully be installed on a BC farm, this will provide a local example of the technology for BC's agricultural sector to learn about and will demonstrate how successful this technology can operate under local conditions, including input type and regulatory requirements, local climate, transportation and natural gas costs.

- A letter of support was provided

2020-05 - Possible AAFC study - potentially pathogenic microorganisms being transported from livestock operations to neighbouring food crops

In the Fraser Valley, there are many poultry premises operating near berry fields. The risk of potentially pathogenic microorganisms being transported from livestock operations to neighbouring food crops is not well characterized. There is concern that dust from livestock operations could cause food safety concerns on neighboring crops. This proposed work will

build on previous work done by the SPFG that examined the potential of vegetative buffers to control dust. At the time of the previous work, sampling technology was in its infancy and measurements focused on particulate matter. Advances in these areas may make this a topic that warrants revisiting.

The project would expand on previous work by examining the microbial component of dust and the interaction with different size particles. The proposed project would focus on assessing the risk of pathogen transport from poultry operations to neighboring food crops, while reassessing traditional best management practises (BMPs) for dust control to prevent the spread of potentially pathogenic microbes to neighboring environments. The project would examine the microbes emitted from poultry barn ventilation systems as well as on blueberry plants (both adjacent to and at a distance from poultry barns) and to evaluate the effectiveness of different buffers to prevent the transfer of dust from poultry barns to nearby blueberry crops.

- The project was put on hold, but SPFG expressed an interest in being part of a project if it goes forward.

2020-06 - Blackhead Epidemiological Data Collection and Comparison

Histomoniasis (blackhead) is a serious and ultimately fatal protozoal disease of turkeys, chickens, peafowl and gamebirds. The transmission cycle of *Histomonas meleagridis* is complicated by the prolonged environmental stability enabled by physically protective vectors such as the cecal worm (*Heterakis* sp) egg and common earthworms. Earthworms are mobile, can move significant distances and are attractive to gallinaceous birds, making birds raised on range especially susceptible to infection. There is currently no approved treatment for blackhead therefore there is strong reliance on prevention through biosecurity, confined rearing and litter management.

The BC turkey industry is currently experiencing an unprecedented multi-farm outbreak of blackhead that has serious economic consequences for the growers, the processors and the hatchery. The entire production stream, including retailers, has been negatively impacted as on-farm mortality has risen to significant levels. Farm gate losses so far in 2020 exceed \$500,000 and there has been significant disruption to the supply chain and the Province's food security. Producers are worried and discouraged by the lack of a readily available treatment or effective intervention.

The goal of this multi-faceted collaborative study is to gain a better understanding of the epidemiology of the current blackhead outbreak, identify on-farm reservoirs and risk factors, and to formulate an effective treatment and disease prevention strategy.

- Funding was approved. This is a \$50,000 project with SPFG and the BC Turkey Marketing Board each providing \$12,500. An application to the Canadian Agriculture Partnership (CAP) for matching \$25,000 has been made.

OTHER ON-GOING PROJECTS

2018-05 - The fermentation of spent hen hydrolysate (from thermal hydrolysis) to produce pathogen free microbiological rich plant nutrient solutions

This is a \$89,000 project. SPFG provided \$5,000. Other funding was provided by the Canadian Poultry Research Council, Egg Farmers of Alberta, and Biosphere Technologies. Alberta Agriculture and Forestry are the lead researchers and are providing in-kind funding with researchers, labs, greenhouses, and equipment. The project is underway and progress reports are available if anyone would like to see them.

Initial Results

The project received 1,000 kg of spent hen hydrolysate. Approximately, 25 liters was separated into three main constituents: 1. the Top Layer, fats; 2. the Middle Layer (assumed to be mostly amino acids and protein); 3. the Bottom Layer, i.e. solids, assumed to be mostly minerals. These layers had a particle size analysis where the bottom layer was noted (as expected) to have bigger particles. The project tried spray drying raw (unseparated) spent hen hydrolysate, the middle and the bottom fraction; the middle fraction sprayed dried quite easily.

A greater than expected fat content caused the project to suspect the 20-liter sample used was un-representational (due to sampling technique). To ensure a good sample, the project will mix 600 kg of hydrolysate in the bioreactor and sample prior to inoculating. Later the project will again try spray drying raw hydrolysate and the middle fraction. Although spray drying is out of scope – the project would like to give samples for other parties to explore value added options for spent hydrolysate.

Background

The project will use aerobic digestion of spent hen hydrolysate (from thermal hydrolysis) to produce microbiologically-rich field and greenhouse plant nutrient solutions.

Thermal hydrolysis is a Canadian technology developed to process risk animal by-products and carcasses, and is designed to destroy all pathogens, diseases, viruses and TSE's, (transmissible spongiform encephalopathy) including bovine spongiform encephalopathy aka mad cow disease.

The easily scalable technology is approved by the OIE (World Organization for Animal Health) and is certified by CFIA (Canadian Food Inspection Agency). A commercial biorefining plant in Lethbridge, AB, processes 30 tonnes per day of primarily bovine material, and the technology holder, Biosphere Technologies, has a mobile pilot unit which processes half tonne batches. The process involves grinding the feedstock (the project would utilize spent hens) then processing for 40 minutes at 180° C and 1,200 kPa in a high pressure reactor thereby destroying all pathogenic agents but retaining the valuable nutrients.

The end result is a liquefied hydrolysate version of the starting feedstock [where fats, muscle, connective tissue and bones are broken down into complex calcium rich solutions of proteins,

carbohydrates and lipids]. To create organic fertilizers for hydroponic growers, these complex solutions must first be aerobically (microbially) digested in order for plants to use them as a nutrient source. The project will utilize the aerobic digestion process developed by Alberta Agriculture and Forestry that was funded in part by SPFG funds.

The complex nature of the hydrosylate solutions requires modifications of the existing aerobic digestion process. The project will demonstrate greenhouse techniques to utilize the resulting nutrient solutions to grow plants with and without water recycling. The project will also pursue organic certification of the nutrient solutions.

2016-06 - BCAC's Public Trust Initiative

Becky Parker manages the project. Despite Covid restrictions, Becky continued to be active in 2020 by holding a number of virtual events. This project is funded by a special levy on BCAC member associations. The total budget is around \$150,000 and individual sector fees are based on farmgate sales. Poultry provides about \$16,000 through SPFG funds. Due to Covid economic impacts on agricultural associations, fees were not charged for the final three quarters of 2020.

Key activities for 2020 were:

- A new page was added to BCAC website to share and showcase resources for producers
- Free CHAT Communications Workshops were provided to member associations via Zoom
- Collaboration with Farm and Food Care resulted in 3 profiles of BC farmers featured in the new version of the Real Dirt on Farming
- Active in working with the Canadian Federation of Agriculture to create new farmer profiles
- We heart local BC (social media/website)
 - We Heart Local BC content (recipes, farmer profiles, etc.) was shared on Eat Drink Buy BC social media
 - BCAC partnered with BCCMB to offer a giveaway on We Heart Local BC for National Chicken Month. There were 329 likes on the post and 117 entries.
 - Over 60 new recipes added to website; over 20 new farmer profiles added (including 6 BC Egg farmers)
- BCAC partnered with member associations to offer virtual farm tours to health professionals
- Public Trust Outcomes Document - Prepared report outlining performance on key program goals in the 2017-2019 pilot period. Report was sent to BCAC members for feedback.
- Educators Agriculture Tour (EAT) – a two-day farm tour for BC educators
- CHAT training – on-going training for producers and associations
- Pacific National Exhibition - Collaborated with Ministry of Agriculture to contribute to the content of the "Journey of B.C." food exhibit

- We Heart Local BC - Ran a successful summer Instagram campaign reaching over 52,000 people online and resulting in a 6% increase in Instagram followers and 220 giveaway entries
- Education and Career fairs across lower mainland, Okanagan and Vancouver Island (with over 10,000 attendees) 🍄

POULTRY IN MOTION COMMITTEE

Poultry in Motion Educational Mini Barn Program

The Poultry in Motion TM Educational Mini Barn Program began in 2007 and has been running successfully for the past 14 years. The program's goals are to educate and improve consumer confidence of BC Chicken. Students, teachers, and the public are educated about the actual growing practices and programs that BC Chicken Growers are required to follow. These include the On-farm-food-safety, Biosecurity and Animal Care programs.

For the past year, the COVID-19 pandemic restrictions have prevented this program from holding in-person presentations. However, with some restrictions recently reduced, we are excited to announce that we will be attending the Pacific National Exhibition (PNE) and a few other fairs on Vancouver Island this summer. We are unsure when we can resume the in-person school and other fairs and events, but we are eagerly working towards reopening this program.

A new Poultry in Motion website is under development and will be completed this fall. It will contain individual web pages for fairs, elementary, and secondary schools, and a teacher only page. These pages will contain all the educational materials and enhanced information for the public in a digital format. Separating the content by need and age level will make it easier for teachers and others to find and access the appropriate information. Further consultation with elementary and secondary school teachers and the BC Agriculture in the Classroom Foundation will support new content creation. The website will maintain the current program, while in-person visits are postponed, and extend our reach to schools, fairs, and the public. As part of the new website development, we have created the new logo below. 🐔



2020 ACCOMPLISHMENTS

- Responded to period of acute overproduction in spring of 2020 due to COVID-19
- Began process of restoring and repurposing financial reserves
- Kept up with audits on a reduced schedule capacity for safety
- Continued work on 2020 Pricing Review file
- 2020 COP surveys completed
- Continued work on Salmonella Enteritidis testing framework
- Collected first full year of Specialty Production data
- Reconsolidated the Orders
- Moved into new shared premise with BC Chicken Marketing Board 🐔



BC APPEAL PROCESS

FILING A REGULATED MARKETING APPEAL WITH THE BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

A person aggrieved or dissatisfied with an order, decision or determination of the following commodity marketing boards and commissions may file an appeal to the British Columbia Farm Industry Review Board (BCFIRB):

- British Columbia Broiler Hatching Egg Commission
- British Columbia Chicken Marketing Board
- British Columbia Cranberry Marketing Commission
- British Columbia Egg Marketing Board
- British Columbia Hog Marketing Commission
- British Columbia Milk Marketing Board
- British Columbia Turkey Marketing Board
- British Columbia Vegetable Marketing Commission

What is the British Columbia Farm Industry Review Board?

The British Columbia Farm Industry Review Board (BCFIRB) is an administrative tribunal that has statutory responsibility for exercising regulatory and adjudicative functions independent of government in its general supervision of BC regulated marketing boards and commissions and in hearing regulated marketing appeals and farm practices complaints.

Originally known as the British Columbia Marketing Board ("BCMB"), BCFIRB was created in 1934 under the NPMA to supervise the commodity boards. Over the years, the role has been expanded and its authority redefined to address changes in the regulated marketing sector. BCFIRB is composed of up to ten members appointed by Lieutenant Governor-in-Council (LGIC). Board members' backgrounds vary, with experience in production, marketing, law and education related to agricultural issues.

How long do I have to appeal?

BCFIRB must receive your written notice of appeal not more than thirty (30) days after the order, decision or determination of the commodity board or commission is made.

If an appeal is filed more than 30 days after the marketing board's decision, the person filing the notice of appeal must explain what special circumstances exist that warrant BCFIRB accepting a late special appeal (see ATA s.24).

Do I need legal counsel?

Only if you want or think you need it. It is your decision to make, and you will be responsible for paying your own lawyer.

Where do I send the appeal?

Either by mail, courier, fax or email as follows:

Mail: Attention: Executive Director
British Columbia Farm Industry Review Board
PO Box 9129 Stn Prov Govt
Victoria BC V8W 9B5

Courier: Attention: Executive Director
British Columbia Farm Industry Review Board
780 Blanshard Street
Victoria BC V8W 2H1

Email: firb@gov.bc.ca

Fax: 250-356-5131

What should be included in the notice of appeal?

The notice of appeal must be accompanied by a non-refundable \$100.00 filing fee. Cheque or money orders should be made out to the "Minister of Finance".

The notice of appeal must include the following:

- be in writing and signed
- identify the decision being appealed
- state why the decision should be changed
- state the outcome requested from BCFIRB
- include your name, address, telephone number, email (or the contact information of the person handling the appeal for you)
- include an address for delivery of any notices related to the appeal

BCFIRB's notice of appeal form can be used to file an appeal.

What happens when the British Columbia Farm Industry Review Board receives the appeal?

BCFIRB will send you a letter acknowledging the receipt of your appeal. This letter will also contain information which explains the appeal process in greater detail. At the same time, BCFIRB will notify the commodity board or commission concerned that an appeal has been filed and instruct them of their responsibilities as outlined in the Rules of Practice and Procedures.

BCFIRB will also ensure that the commodity board or commission has received a copy of your notice of appeal.

BCFIRB will issue notice to the parties requiring them to attend a pre-hearing conference call. The purpose of the pre-hearing conference will be to clarify the issue on appeal and determine

the position of each party as well as the remedies sought by the appellant. The pre-hearing conference call will also be used to confirm hearing dates and directions for the appeal hearing.

BCFIRB encourages parties to consider Alternative Dispute Resolution (ADR) to facilitate settlements of the matter under appeal and will assist the parties in establishing an ADR process. Parties can apply to BCFIRB requesting ADR. Discussions about possible ADR alternatives will also be an agenda item for the pre-hearing conference.

The hearing of your appeal will normally be held not more than 60 days after BCFIRB first receives your notice of appeal; however, these timelines will be dependent upon the circumstances of all the parties to the appeal.

What is the most important thing for me to remember?

BCFIRB must receive your written notice of appeal within 30 days of an order, decision or determination of the commodity board or commission. Failure to meet this deadline may result in BCFIRB not hearing your appeal.

How can I get more information?

For further information please refer to the Rules and Practice and Procedures. Section 8 of the Natural Products Marketing (BC) Act (NPMA), and the Administrative Tribunals Act (ATA).

More information on the appeal process is available on BCFIRB's website at:

www.gov.bc.ca/BCFarmIndustryReviewBoard

The standing orders of the commodity board or commission involved may also contain information.

Should you have any further questions please feel free to contact BCFIRB directly at:

Phone: 250-356-8945

Fax: 250-356-5131

Email: firb@gov.bc.ca 

STATISTICS & QUOTA MANAGEMENT

This Statistics & Quota Management has been prepared with respect to BCFIRB's letter dated August 15, 2018 regarding the Public Accountability and Reporting Project (PARP). Following the first PARP submission for the 2018 reporting period, the Guide and Templates have been updated annually. The tables presented incorporate the data reported to BCFIRB plus supplemental information.

Strategic Planning and Sustainable Industry Development

Sound quota management supports the Commission's vision and goals for the industry. These are outlined in the Commission's current Strategic Plan under the overarching priority of developing a comprehensive marketing model.

Sustainable industry development must be made within the context of the Natural Products Marketing (BC) Act and its regulations, the BC Broiler Hatching Egg Commission Scheme, the Regulated Marketing Economic Policy (2004), BCFIRB direction and the Commission's Consolidated Orders.

The Strategic Plan identifies Quota Management as a key initiative which includes: review of other quota systems; Specialty/Asian Breeder long-term plan development and national allocation division; new entrant program review and regional diversification; review quota management policies with respect to the Quota Assessment Tools Review; development of an online reporting portal for producers; and hatchery throughput (80/20).

The Commission's current quota management policies remain in place until such time that a comprehensive review with appropriate stakeholder input is commenced.

Industry Structure

The mainstream broiler hatching egg industry quota system is a hen-based quota system. There is a total of 1,766,182 quota units, spread over a two-year cycle. One quota unit is equal to one placeable broiler breeder hen. Producers are told how much of this quota they are to produce (place as hens), on an annual basis; this is utilization and is expressed as a percentage. Utilization can move up and down and may exceed 100% at times. Utilization matches domestic allocation – demand – issued by Canadian Hatching Egg Producers (CHEP) with a supply of domestic hatching eggs for British Columbia.

On September 19, 2019, Temporarily Regularized Producer Chick Quota was issued to six specialty producers. This was in response to the Supervisory Review. The specialty broiler hatching egg industry quota system is a hatched chick-based quota system. There is a total of 4,611,372 quota units over a one-year cycle. One quota unit is equal to one hatched chick. Specialty producers are permitted to place hens, in consultation with their hatcheries (all are integrated at this time), in numbers and breed type to meet the hatcheries requirements; further, they are permitted to schedule placement dates and length of lay cycles.

Definitions

Reporting Time Period	
Date	Date
Start	January 1, 2020
End	December 31, 2020

Table 1

Production Measurement Definitions		
Unit	Mainstream	Specialty
Quota	Broiler breeder hens placed (cycle = 2 years)	Hatched broiler chicks (per year)
Production	Hatching eggs	Hatching eggs

Table 2

Regulated Product
Definition
Per the British Columbia Broiler Hatching Egg Scheme: <i>“regulated product” means a broiler hatching egg, a saleable chick or a broiler breeder.</i>
No production volume for personal exemption.
Small Lot Innovative Self-Marketer Program for atypical strains of broiler breeders. As defined in Schedule 7 to the Consolidated Order: <i>“Atypical Strain of Broiler Breeder” means a strain of Broiler Breeder that produces a day-old Chick that cannot be made available through a licensed Hatchery on an economically viable basis.</i>

Table 3

Production Type Definitions	
Type	Definition
Mainstream	White Plymouth Rock
Specialty	Silkie, Taiwanese (as identified in Canadian Chicken Licensing Regulations (SOR/2002-22), Schedule 4)

Table 4




Producer Size Definitions			
Type	Size		
			
	Small	Medium	Large
Mainstream	< 25,000 quota units	25,000 – 49,999 quota units	50,000+ quota units
Specialty	< 500,000 quota units	500,000 – 999,999 quota units	1,000,000+ quota units

Table 5

For Mainstream, minimum farm size is 12,000 quota hens per cycle. A medium-sized farm is considered to start approximately double that size at 25,000. Note that the New Producer Program Rules (BCBHEC Consolidated Order, Schedule 1) permit new entrants through this Program to receive 5,000 quota hens; such new entrants are permitted to operate at 5,000 quota hens until an additional 7,000 (at minimum) can be secured.

For Specialty, no minimum farm size is set, and specialty production is currently not part of the New Producer Program. The New Producer Program Rules are to be reviewed in the context of the Quota Assessment Tools Review, regional diversification, 80/20, and the Asian Breeder Supervisory Review.

Region Definitions

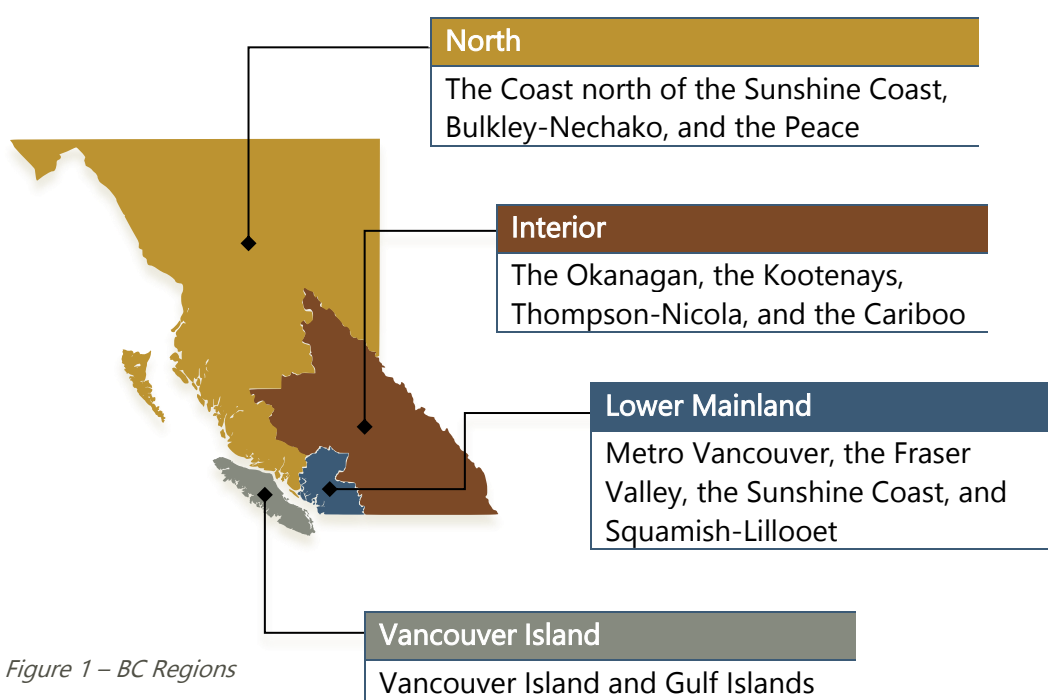


Figure 1 – BC Regions

All producers, mainstream and specialty, are currently located in the Lower Mainland. While there is limited broiler production on Vancouver Island, there is no local hatching egg production or hatchery. There are two hatcheries located in the Interior. Regional diversification is identified within the Strategic

Small Lot Producers per Region	
Region	Small Lot Innovative Self-Marketer Program
Lower Mainland	-0-
Vancouver Island	-0-
Interior	-0-
North	-0-

Table 6

Estimated Farm Cash Receipts & Prices

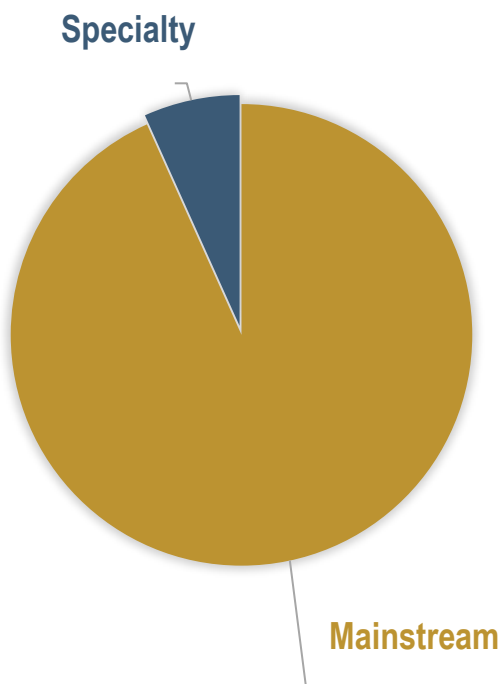


Figure 2 - Farm Cash Receipts

Estimated Cash Receipts (Farm Gate Sales)	
Type	Sales Estimate
Mainstream	\$ 61,750,000
Specialty*	\$ 4,450,000
Total	\$ 66,200,000

Table 7 - *Specialty estimated at \$0.9417 per saleable chick

Saleable Chick Price	
Period	Mainstream, per saleable chick
A160	\$0.6232
A161	\$0.6255
A162	\$0.6276
A163	\$0.6303
A164	\$0.6349
A165	\$0.6330
A166	\$0.6431

Table 8

Total Producer Numbers

Total Producers by Producer Type and Region					
Producer Type	Lower Mainland	Vancouver Island	Interior	North	Total
Established	52	-	-	-	52
New Entrant*	7	-	-	-	7
Total	59	-	-	-	59

Table 9 - * New Entrants through New Producer Program, succession planning or purchased quota. See New Entrants section for further breakdown

Total Producers by Producer Size and Region					
Producer Size	Lower Mainland	Vancouver Island	Interior	North	Total
Small	23	-	-	-	23
Medium	27	-	-	-	27
Large	9	-	-	-	9
Total	59	-	-	-	59

Table 10

Total Producers by Production Type and Region					
Production Type	Lower Mainland	Vancouver Island	Interior	North	Total
Mainstream	53	-	-	-	53
Specialty	6	-	-	-	6
Total	59	-	-	-	59

Table 11

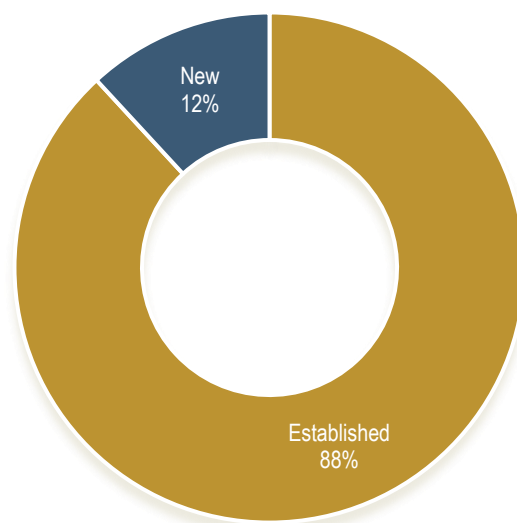


Figure 3 - Total Producer Numbers

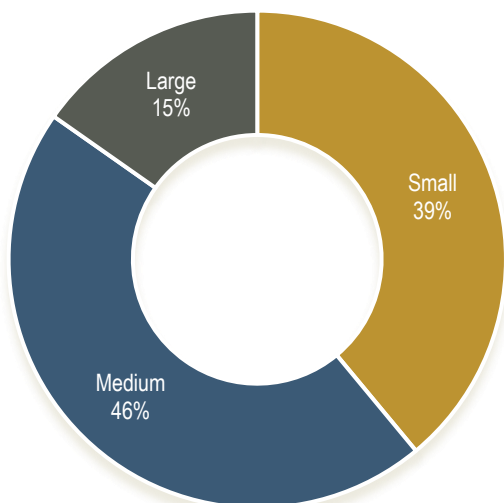


Figure 4 - Total Producer Numbers

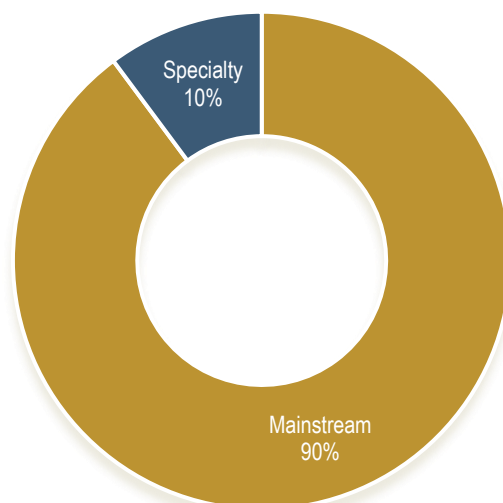


Figure 5 - Total Producer Numbers

Total Production Volume (Hatching Eggs)

Mainstream and Specialty volume is based on hatching egg pickups from the farm. All specialty producers are no longer considered new entrants as of September 19, 2020, as all have owned quota for one year and were not allotted quota through the New Producer Program. Production for any producers no longer considered new entrants is divided accordingly.

Total Production by Producer Type and Region					
Producer Type	Lower Mainland	Vancouver Island	Interior	North	Total
Established	119,440,269	-	-	-	119,400,269
New	6,875,821	-	-	-	6,875,821
Total	126,276,090	-	-	-	126,276,090

Table 12

Total Production by Producer Size and Region					
Producer Size	Lower Mainland	Vancouver Island	Interior	North	Total
Small	23,847,571	-	-	-	23,847,571
Medium	62,779,644	-	-	-	62,779,644
Large	39,648,875	-	-	-	39,648,875
Total	126,276,090	-	-	-	126,276,090

Table 13

Total Production by Production Type and Region					
Production Type	Lower Mainland	Vancouver Island	Interior	North	Total
Mainstream	119,376,144	-	-	-	119,376,144
Specialty	6,899,946	-	-	-	6,899,946
Total	126,276,090	-	-	-	126,276,090

Table 14

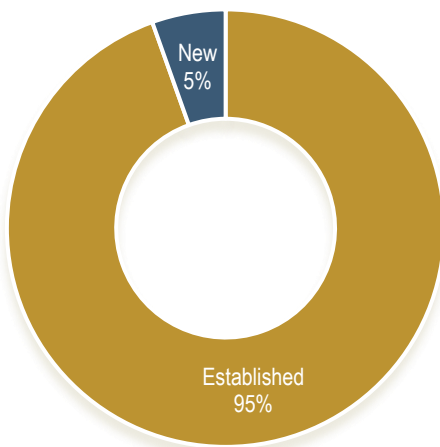


Figure 8 - Total Production

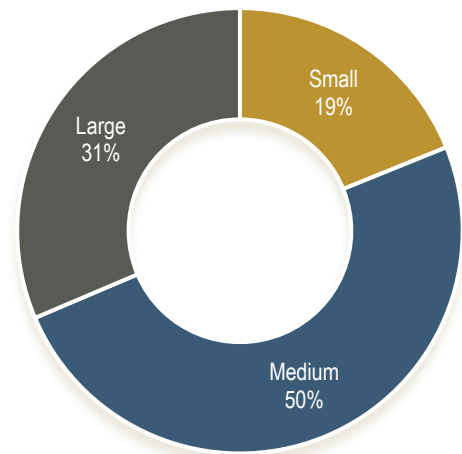


Figure 7 - Total Production

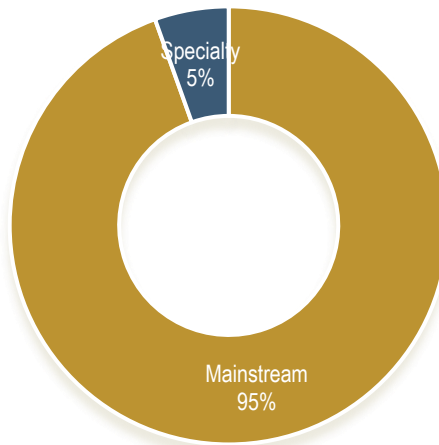


Figure 6 - Total Production

Quota Utilization

98.0% Average Quota Utilized for Mainstream Producers (Hens Placed)

Average Quota Utilization for Specialty Producers (Chicks Hatched) 102.6%

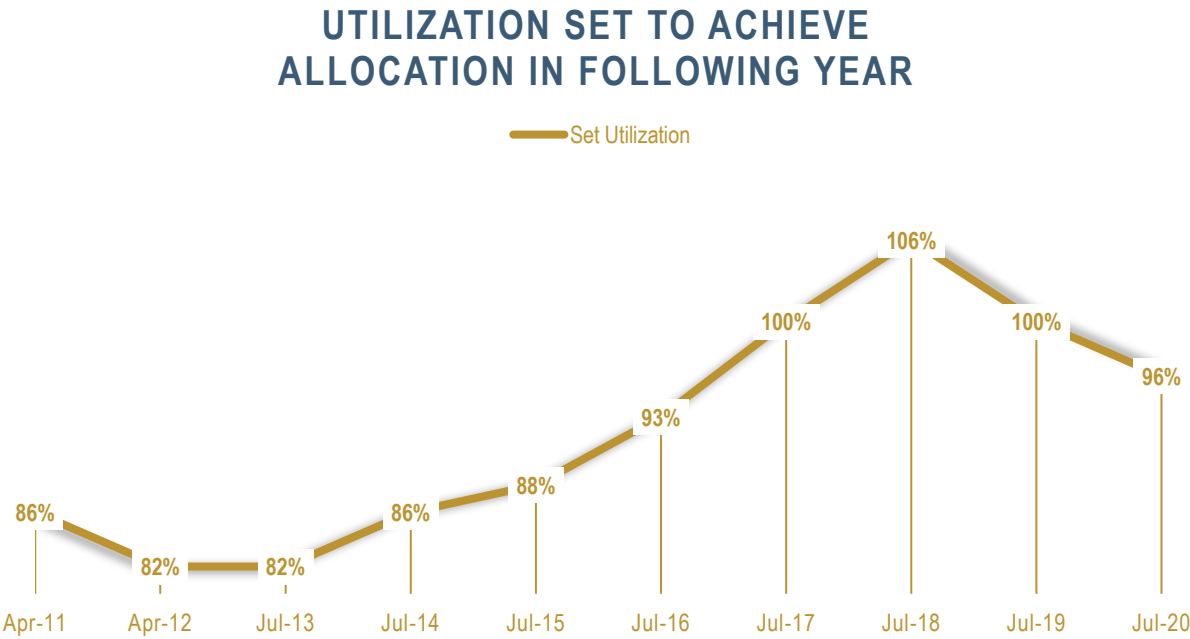


Figure 9 – Set utilization

Note: First pickups of hatching eggs from placements are about week 26, six months after placement. Effective utilization, a blended rate of all flocks in lay for the calendar year (egg flow), was 102.0%.

New Entrances

New Entrances to All Sectors				
	Lower Mainland		Vancouver Island	
	# Producers	Quota	# Producers	Quota
New Entrant Program entrances	-	-	-	- ...
Other Entrance means	3	46,208 hens	-	- ...
Total	3	46,208 hens	-	- ...

Table 15

New Entrances to All Sectors (Continued)						
	Interior		North		Total	
	# Producers	Quota	# Producers	Quota	# Producers	Quota
...	-	-	-	-	-	-
...	-	-	-	-	3	46,208 hens
...	-	-	-	-	3	46,208 hens

Table 16

New Entrants – Detailed Change – Mainstream (Hens)		
Pathways	# Producers	Quota
Entry:		
New Producer Program entrant	-	-
Succession planning	-	-
Purchased quota	3	46,208
Graduation / Reclassification:		
Length of experience – New Producer Program (10 yrs)	-	-
Length of experience – succession planning / purchased quota	(1)	(12,005)
Exit:		
Quota sale – transfer assessment exempt	-	-
Quota sale – with transfer assessment	-	-
Net change	2	34,203

Table 17

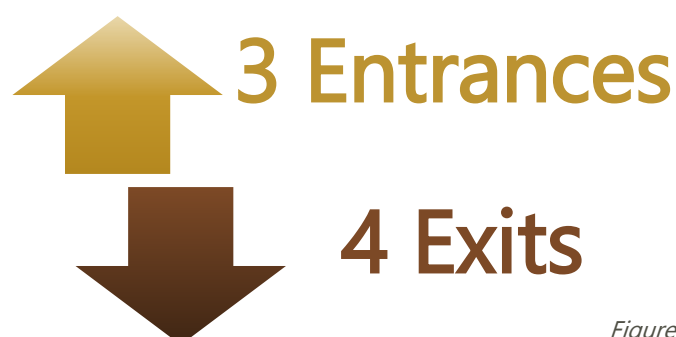


Figure 10 - Net Producer Change

New Entrants – Detailed Change – Specialty (Chicks)		
Pathways	# Producers	Quota
Entry:		
New Producer Program entrant	-	-
Succession planning	-	-
Purchased quota	-	-
Graduation / Reclassification:		
Length of experience – New Producer Program (10 yrs)	-	-
Length of experience – succession planning / purchased quota	-	-
Length of experience – allotted quota	(6)	(4,611,372)
Exit:		
Quota sale – transfer assessment exempt	-	-
Quota sale – with transfer assessment	-	-
Net change	(6)	(4,611,372)

Table 18

Producer Exits

Producer Exits by Region				
	Lower Mainland		Vancouver Island	
	# Producers	Quota	# Producers	Quota
New Entrant < 5 Years	-	-	-	- ...
New Entrant 5 – 10 Years	-	-	-	- ...
Other < 5 Years	-	-	-	- ...
Other 5 – 10 Years	-	-	-	- ...
Any Producer 10 Years +	4	79,391 hens	-	- ...
Total	4	79,391 hens	-	- ...

Table 19

Producer Exits by Region					
	Interior		North		Total
	# Producers	Quota	# Producers	Quota	# Producers Quota
...	-	-	-	-	- -
...	-	-	-	-	- -
...	-	-	-	-	- -
...	-	-	-	-	- -
...	-	-	-	-	4 79,391 hens
...	-	-	-	-	4 79,391 hens

Table 20

Hatching Facilities

There are currently 11 hatcheries licensed in British Columbia. A hatchery must be provincially licensed in order to have a CHEP license (federal). The CHEP license is for a buyer's and/or seller's license for the interprovincial and export movement of broiler hatching eggs and chicks. Applications for license(s) are on an annual basis.

Licensed Hatcheries by Region					
Type	Lower Mainland	Vancouver Island	Interior	North	Total
Federal (CHEP) & Provincial	8	-	2	-	10
Provincial-only	1	-	-	-	1
Total	9	-	2	-	11

Table 21

Licensed Hatcheries by Size					
Type	Lower Mainland	Vancouver Island	Interior	North	Total
< 12.50% of market	6	-	2	-	8
12.50% - 24.99% of market	1	-	-	-	1
> 25.00% of market	2	-	-	-	2
Total	9	-	2	-	11

Table 22

Licensed Hatcheries by Throughput					
Type	Lower Mainland	Vancouver Island	Interior	North	Total
Mainstream only	5	-	2	-	7
Specialty only	1	-	-	-	1
Mainstream & Specialty	3	-	-	-	3
Total	9	-	2	-	11

Table 23

Quota Price

The Commission does not run a quota exchange, but a Quota Billboard. The Quota Billboard and related FAQ are posted on our website and available to the public. The Billboard includes: contact details, amount of quota, timing of current placement, type of transaction (e.g., sale) and posting date. Price and related particulars are negotiated between the parties to the transaction and are not known to the Commission.

Quota Holdings on December 31, 2020

Quota Holdings by Producer Type and Region – Mainstream (Hens)					
Producer Type	Lower Mainland	Vancouver Island	Interior	North	Total
Established	1,690,116	-	-	-	1,690,116
New	66,208	-	-	-	66,208
Total	1,756,324	-	-	-	1,756,324

Table 24

Quota Holdings by Producer Type and Region – Specialty (Chicks)					
Producer Type	Lower Mainland	Vancouver Island	Interior	North	Total
Established	4,611,372	-	-	-	4,611,372
New	-	-	-	-	-
Total	4,611,372	-	-	-	4,611,372

Table 25

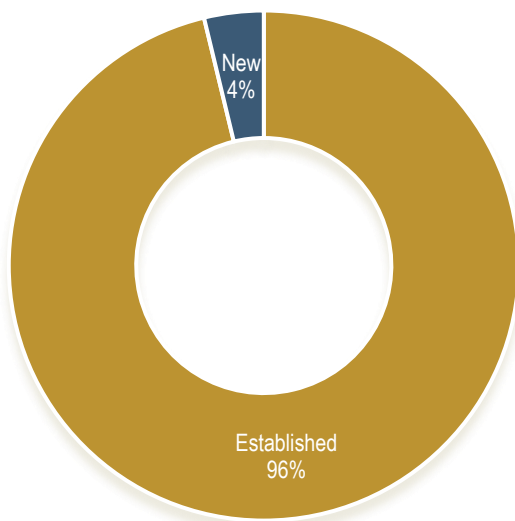


Figure 11 - Quota Holdings by Producer Type - Mainstream

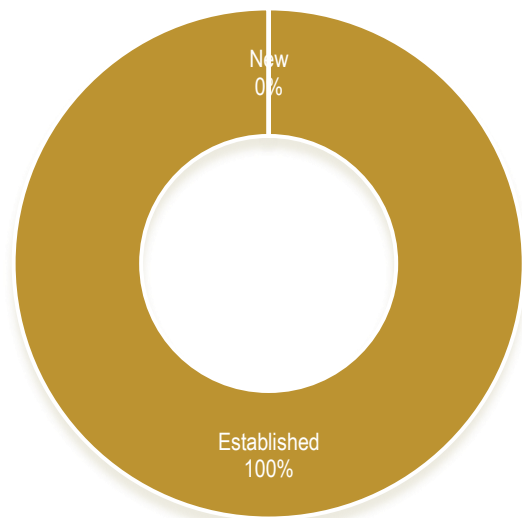


Figure 12 - Quota Holdings by Producer Type - Specialty

Quota Holdings by Producer Size and Region – Mainstream (Hens)					
Producer Size	Lower Mainland	Vancouver Island	Interior	North	Total
Small	307,194	-	-	-	307,194
Medium	933,916	-	-	-	933,916
Large	515,214	-	-	-	515,214
Total	1,756,324	-	-	-	1,756,324

Table 26

Quota Holdings by Producer Size and Region – Specialty (Chicks)					
Producer Size	Lower Mainland	Vancouver Island	Interior	North	Total
Small	908,482	-	-	-	908,482
Medium	1,341,350	-	-	-	1,341,350
Large	2,289,540	-	-	-	2,289,540
Total	4,611,372	-	-	-	4,611,372

Table 27

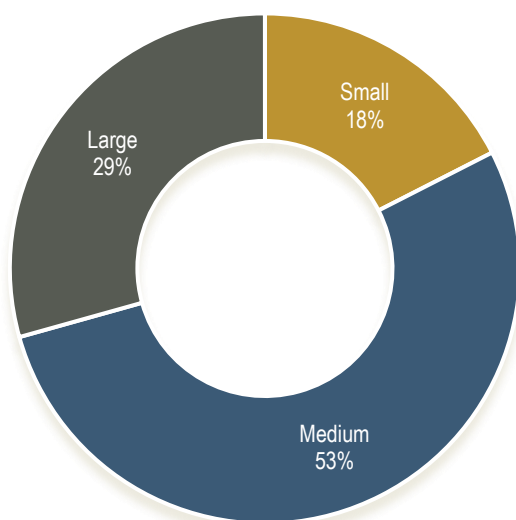


Figure 14 - Quota Holdings by Producer Size - Mainstream

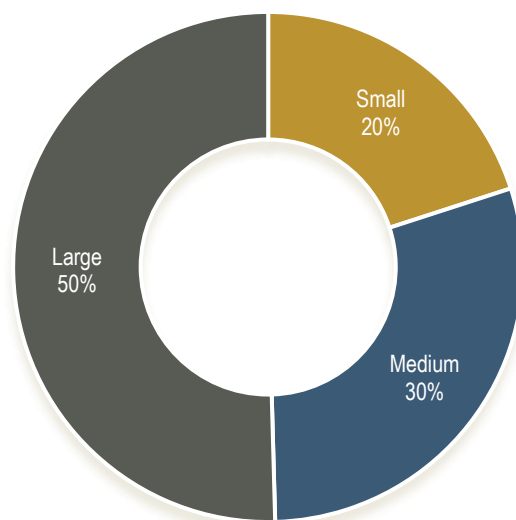


Figure 13 - Quota Holdings by Producer Size - Specialty

Quota Holdings by Production Type and Region – Placed Hens					
Production Type	Lower Mainland	Vancouver Island	Interior	North	Total
Mainstream	1,756,324	-	-	-	1,756,324
Specialty	-	-	-	-	-
Total	1,756,324	-	-	-	1,756,324

Table 28

Quota Holdings by Production Type and Region – Hatched Chicks					
Production Type	Lower Mainland	Vancouver Island	Interior	North	Total
Mainstream	-	-	-	-	-
Specialty	4,611,372	-	-	-	4,611,372
Total	4,611,372	-	-	-	4,611,372

Table 29

Quota Transfers

Transfers rules are provided in the Consolidated Orders, Part IV - Transfer and Lease of Placement Quota, paragraphs 16-19. Specific limitations are set out in paragraph 17:

17. (1) The Commission may refuse to approve a Transfer of Placement Quota where:
 - (a) The Transferor or Transferee is not in compliance with the Orders of the Commission from time to time in force and all applicable legislation and regulations; or
 - (b) The Transferee is an individual who is under the age of nineteen years, or a corporation controlled by any individuals under the age of nineteen years, or a partnership with respect to which any individual member is under the age of nineteen years.
- (2) Unless the Commission otherwise consents in writing, no Producer may Transfer Placement Quota by way of a Permissible Lease within one year from the date that such Producer last Transferred Placement Quota by way of a Permissible Lease.
- (3) The Commission may require a Transferee of Placement Quota to be interviewed by the Commission.
- (4) The Commission may impose conditions with respect to any approval of a Transfer of Placement Quota.
- (5) The Commission may suspend the approval of Transfers for a definite or indefinite period of time.

Transfer Volume by Transfer Type				
	Mainstream (Hens)		Specialty (Chicks)	
	#	Volume	#	Volume
Assessed transfers	4	45,516	-	-
Exempt transfers	-	-	-	-
Exempt family transfers	2	33,875	-	-
Non-exempt family transfers	-	-	-	-
Total of all transfers	6	79,391	-	-
<i>Total quota assessment collected</i>		<i>2,504</i>		-

Table 30

Quota Transfers by Type of Producer – Mainstream (Hens)						
	Established		New Entrant		Total	
	#	Volume	#	Volume	#	Volume
January 1, 2020	49	1,726,823	5	32,005	54	1,758,828
Purchased	3	33,183	3	46,208	6	79,391
Sold – transfer assessment exempt	(2)	(33,875)	-	-	(2)	(33,875)
Sold – with transfer assessment	(4)	(45,516)	-	-	(4)	(45,516)
Transfer assessment (pooled)	-	(2,504)	-	-	-	(2,504)
Allotted (from pool)	-	-	-	-	-	-
Established New Entrants	1	12,005	(1)	12,005	-	-
December 31, 2020	47	1,690,116	7	66,208	54	1,756,324

Table 31

Quota Transfers by Type of Producer – Specialty (Chicks)						
	Established		New Entrant		Total	
	#	Volume	#	Volume	#	Volume
January 1, 2020	-	-	6	4,611,372	6	4,611,372
Purchased	-	-	-	-	-	-
Sold – transfer assessment exempt	-	-	-	-	-	-
Sold – with transfer assessment	-	-	-	-	-	-
Transfer assessment (pooled)	-	-	-	-	-	-
Allotted (from pool)	-	-	-	-	-	-
Established New Entrants	6	4,611,372	(6)	(4,611,372)	-	-
December 31, 2020	6	4,611,372	-	-	6	4,611,372

Table 32

Quota Transfers by Type of Quota – Mainstream (Hens)			
	Mainstream	Mainstream NPP	Total
January 1, 2020	1,728,828	30,000	1,758,828
Purchased	79,391	-	79,391
Sold – transfer assessment exempt	(33,875)	-	(33,875)
Sold – with transfer assessment	(40,971)	(4,545)	(45,516)
Transfer assessment (pooled)	(2,049)	(455)	(2,504)
Allotted (from pool)	-	-	-
December 31, 2020	1,731,324	25,000	1,756,324

Table 33 – NPP: Quota allotted via the New Producer Program

Quota Transfers by Type of Quota – Specialty (Chicks)			
	Specialty	Specialty NPP	Total
January 1, 2020	4,611,372	n/a	4,611,372
Purchased	-	n/a	-
Sold – transfer assessment exempt	-	n/a	-
Sold – with transfer assessment	-	n/a	-
Transfer assessment (pooled)	-	n/a	-
Allotted (from pool)	-	n/a	-
December 31, 2020	4,611,372	n/a	4,611,372

Table 34 – NPP: Quota allotted via the New Producer Program

Quota Transfers by Size of Producer – Mainstream (Hens)				
	Small	Medium	Large	Total
January 1, 2020	311,131	932,483	515,214	1,758,828
Purchased – from Small	36,333	29,183	-	65,516
Purchased – from Medium	13,875	-	-	13,875
Purchased – from Large	-	-	-	-
Sold – to Small	(36,333)	(13,875)	-	(50,208)
Sold – to Medium	(29,183)	-	-	(29,183)
Sold – to Large	-	-	-	-
Transfer assessment (pooled)	(2,504)	-	-	(2,504)
Allotted (from pool)	-	-	-	-
Net reclassification due to transfers	13,875	(13,875)	-	-
December 31, 2020	307,194	933,916	515,214	1,756,324

Table 35

Quota Transfers by Size of Producer – Specialty (Chicks)				
	Small	Medium	Large	Total
January 1, 2020	980,482	1,341,350	2,289,540	4,611,372
Purchased – from Small	-	-	-	-
Purchased – from Medium	-	-	-	-
Purchased – from Large	-	-	-	-
Sold – to Small	-	-	-	-
Sold – to Medium	-	-	-	-
Sold – to Large	-	-	-	-
Transfer assessment (pooled)	-	-	-	-
Allotted (from pool)	-	-	-	-
Net reclassification due to transfers	-	-	-	-
December 31, 2020	307,194	933,916	515,214	1,756,324

Table 36

Quota Transfers by Location of Producer – Mainstream (Hens)					
	Lower Mainland	Vancouver Island	Interior	North	Total
January 1, 2020	1,758,828	-	-	-	1,758,828
Purchased – from L. Mainland	79,391	-	-	-	79,391
Purchased – from V. Island	-	-	-	-	-
Purchased – from Interior	-	-	-	-	-
Purchased – from North	-	-	-	-	-
Sold – to L. Mainland	(79,391)	-	-	-	(79,391)
Sold – to V. Island	-	-	-	-	-
Sold – to Interior	-	-	-	-	-
Sold – to North	-	-	-	-	-
Transfer assessment (pooled)	(2,504)	-	-	-	(2,504)
Allotted (from pool)	-	-	-	-	-
Net reclassification due to relocation	-	-	-	-	-
December 31, 2020	1,756,324	-	-	-	1,756,324

Table 37

Quota Transfers by Location of Producer – Specialty (Chicks)					
	Lower Mainland	Vancouver Island	Interior	North	Total
January 1, 2020	4,611,372	-	-	-	4,611,372
Purchased – from L. Mainland	-	-	-	-	-
Purchased – from V. Island	-	-	-	-	-
Purchased – from Interior	-	-	-	-	-
Purchased – from North	-	-	-	-	-
Sold – to L. Mainland	-	-	-	-	-
Sold – to V. Island	-	-	-	-	-
Sold – to Interior	-	-	-	-	-
Sold – to North	-	-	-	-	-
Transfer assessment (pooled)	-	-	-	-	-
Allotted (from pool)	-	-	-	-	-
Net reclassification due to relocation	-	-	-	-	-
December 31, 2020	4,611,372	-	-	-	4,611,372

Table 38

Producer Engagement & Commitment to the Industry

Leased Quota - Mainstream					
Group	# Producers	Leased Quota	Total Quota	Total Placeable	% of Placeable
Lessors	2	2,475	96,735	94,800	2.6%
Industry	53	2,475	1,757,576	1,722,419	0.1%

Table 39

- Quota cycle: July 1, 2019 to June 30, 2021 (confirmed leases to report date).
- Maximum permitted to be leased is 20% of a producer's quota holdings.
- Leased quota is placeable hens available to the lessor/producer.
- Total quota is that which is owned by the lessor/producer. Industry-owned amount is the average of December 31, 2019 and 2020.
- Total placeable is equal to the total quota multiplied at the applicable utilization rate at the time.
- Placeable quota may be higher or lower than total quota available for the cycle due to the percentage of utilization as set by the Board annually.

Leased Quota - Specialty				
Group	# Producers	Leased Quota	Total Quota	% of Quota
Lessors	0	0	0	0.0%
Industry	6	0	4,611,372	0.0%

Table 40

- Quota cycle: January 1, 2020 to December 31, 2020.

Quota Management Supports Delivery of Ministry Policy (Regulated Marketing Economic Policy 2004)

Specialty and Niche Markets

In addressing the specialty and niche markets, BCBHEC developed, and has since finalized, a quota system that identified producers of hatching eggs of Asian and other breeds.

This system includes transferability of the quota and mandatory reporting by licensed hatcheries of any specialty or niche markets. Such reporting has allowed the Commission to continue building a baseline from which it may identify any emerging trends on current specialty and niche markets.

Provincial Share of National Allocation

Allocation – Hatching Eggs

Canadian Hatching Egg Producers – 2020 Final			
Province	Mainstream	Specialty	Total
British Columbia	121,171,051	n/a	121,171,051
Alberta	81,943,090	n/a	81,943,090
Saskatchewan	32,299,090	n/a	32,299,090
Manitoba	37,087,228	n/a	37,087,228
Ontario	251,782,870	n/a	251,782,870
Québec	200,386,495	n/a	200,386,495
Nova Scotia	25,898,381	n/a	25,898,381
NB / PEI / NL	31,912,524	n/a	31,912,524
Total	782,480,729	n/a	782,480,729

Table 41

Market Share – Hatching Eggs Allocation

Canadian Hatching Egg Producers – 2020 Final			
Province	Mainstream	Specialty	Total
British Columbia	15.5%	n/a	15.5%
Alberta	10.5%	n/a	10.5%
Saskatchewan	4.1%	n/a	4.1%
Manitoba	4.7%	n/a	4.7%
Ontario	32.2%	n/a	32.2%
Québec	25.6%	n/a	25.6%
Nova Scotia	3.3%	n/a	3.3%
NB / PEI / NL	4.1%	n/a	4.1%
Total	100.0%	n/a	100.0%

Table 42

Market Share – Chicken Production†

Canadian Hatching Egg Producers – 2020 Final	
Province	Market Share
British Columbia	14.6%
Alberta	10.0%
Saskatchewan	3.7%
Manitoba	4.1%
Ontario	33.7%
Québec	26.4%
Nova Scotia	3.3%
NB / PEI / NL	4.2%
Total	100.0%

Table 43

† Per CHEP: Provincial chicken production market shares are calculated based on the most recent data compiled on a 52-week rolling basis, consisting of the most recent quota allocations approved by CFC and, for the remaining weeks, the most recent chicken production data provided by CFC.

Several factors, such as set eggs, net international and interprovincial chick movement, meat-to-egg ratio (which includes hatchability) and imports affect the provincial allocation of hatching eggs (i.e., these factors explain how 14.6% of chicken production share (Table 43) translates to 15.5% of hatching egg allocation (Table 42)).

CHEP's hatching egg allocation is not presently separated between mainstream and specialty markets.

Based on Specialty product reporting, of the approximate 6.90 million specialty hatching eggs picked up off farm, only 6.33 million were set (91.7% of pickups), a significantly higher cull rate

than Mainstream. Reasons include hatcheries ensuring the Specialty market has enough chicks, and thus eggs, which requires oversupply.

Placed Specialty chicks were approximately 4.60 million (66.7% of pickups). An amount of about 191,000 specialty chicks were reported as imported for the year. Total specialty placements were approximately 3.9% of all chicks placed in British Columbia from egg throughput. It is anticipated that BC's allocation will be separated in future given the significant difference between Mainstream and Specialty meat-to-egg ratios, among others.

Exported Product and Import Volume Supplementals

It is noted that one hatchery in BC ceased exporting domestic Mainstream hatching egg product in 2020. The total amounted to approximately 55,000 dozen eggs.

Imported Product			
Month	Total value of imports (\$CAN)	Number of dozens imported	Average price per dozen (\$CAN)
January	\$4,574,502	1,045,320	\$4.38
February	\$3,707,870	828,814	\$4.47
March	\$5,415,011	1,156,997	\$4.68
April	\$2,929,381	616,428	\$4.75
May	\$2,933,566	629,928	\$4.66
June	\$2,777,270	628,041	\$4.42
July	\$3,493,434	798,261	\$4.38
August	\$3,519,243	821,414	\$4.28
September	\$3,902,159	911,586	\$4.28
October	\$2,879,671	667,992	\$4.31
November	\$4,113,113	968,274	\$4.25
December	\$4,403,542	1,036,725	\$4.25
	\$44,648,762	10,109,780	\$4.42

Table 44 - Source: Global Affairs Canada (BRH06-20)

Import volume supplementals granted by the federal government in the year is not readily available. 🍌

BCBHEC FINANCIAL STATEMENTS

Financial Statements of

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

And Independent Auditor's Report thereon
Year ended December 31, 2020



KPMG LLP
32575 Simon Avenue
Abbotsford BC V2T 4W6
Canada
Telephone (604) 854-2200
Fax (604) 853-2756

INDEPENDENT AUDITORS' REPORT

To the Directors of British Columbia Hatching Egg Commission

Opinion

We have audited the financial statements of British Columbia Broiler Hatching Egg Commission (the "Commission"), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of change in net asset for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

© 2020 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Abbotsford, Canada

February 11, 2021

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Financial Position

December 31, 2020, with comparative information for 2019

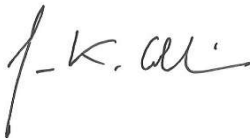
	2020	2019
Assets		
Current assets:		
Cash and short-term deposits (notes 2 and 13)	\$ 1,987,935	\$ 3,179,178
Accounts receivable (note 3)	306,884	463,925
Prepaid expenses and deposits	68,576	69,720
Due from BC Chicken Marketing Board (note 4)	407,804	9,542
	<u>2,771,199</u>	<u>3,722,365</u>
Capital assets (note 5)	632,555	247,673
	<u>\$ 3,403,754</u>	<u>\$ 3,970,038</u>

Liabilities and Net Assets

Current liability:		
Accounts payable and accrued liabilities (note 6)	\$ 182,563	\$ 310,721
Deferred capital contributions (note 7)	43,483	62,118
Deferred lease obligation	9,571	-
	<u>235,617</u>	<u>372,839</u>
Net assets:		
Invested in capital assets (note 8)	589,072	185,555
Internally restricted (notes 2 and 9)	1,529,249	3,069,249
Unrestricted	1,049,816	342,395
	<u>3,168,137</u>	<u>3,597,199</u>
Contingency (note 13)		
Commitments (note 14)		
Impact of COVID-19 (note 17)		
Subsequent event (note 10)		
	<u>\$ 3,403,754</u>	<u>\$ 3,970,038</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Jim Collins
Board Chair



Beata Kunze
Chair, Finance Committee

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Producer levies (note 10)	\$ 1,929,378	\$ 1,910,749
Breaker quality eggs revenue (note 11)	659,983	651,080
Interest and miscellaneous	60,234	91,591
Quality assurance revenue	56,062	356,835
Deferred capital contributions	18,635	26,622
Licenses and fees	1,000	1,050
	<u>2,725,292</u>	<u>3,037,927</u>
Expenses:		
Advertising and promotion	4,850	8,046
Amortization	97,680	78,144
Animal Health Lab	94,690	91,780
BCBHEP Association	67,182	141,753
BC Poultry Conference	3,978	9,413
Breaker quality eggs expenses (note 11)	569,915	572,125
Canadian Hatching Egg Producers levy	292,826	366,442
Chairman and members' per diems	141,516	157,078
Interest and bank charges	1,685	1,758
Legal and accounting	60,915	38,001
Office and miscellaneous	71,401	80,847
Office rent	76,987	33,571
Pricing expense	65,080	17,957
Production payments - COVID-19 (note 17)	670,508	-
Professional services	41,649	26,460
Quality assurance expenses	311,318	721,569
Research and development, standards, biosecurity	15,852	37,293
SE project expenses	13,933	15,949
Telephone	8,637	8,701
Travel	15,322	66,693
Wages and benefits (note 12)	528,430	524,000
	<u>3,154,354</u>	<u>2,997,580</u>
Excess (deficiency) of revenues over expenses	\$ (429,062)	\$ 40,347

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Invested in capital assets (note 8)	Internally restricted (note 9)	Unrestricted	2020	2019
Net assets, beginning of year	\$ 185,555	\$ 3,069,249	\$ 342,395	\$ 3,597,199	\$ 3,556,852
Excess (deficiency) of revenues over expenses	(89,921)	-	(339,141)	(429,062)	40,347
Transfer of funds	-	(1,540,000)	1,540,000	-	-
Change in net assets invested in capital assets	493,438	-	(493,438)	-	-
Balance, end of year	\$ 589,072	\$ 1,529,249	\$ 1,049,816	\$ 3,168,137	\$ 3,597,199

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ (429,062)	\$ 40,347
Items not involving cash:		
Amortization of capital assets	103,929	86,998
Amortization of deferred capital contributions	(18,635)	(26,622)
Loss on disposal of assets	4,627	270
Change in non-cash operating working capital:		
Accounts receivable	157,041	(348,344)
Prepaid expenses and deposits	1,144	(44,285)
Due from BC Chicken Marketing Board	(398,262)	(9,542)
Accounts payable and accrued liabilities	(128,158)	84,885
Deferred lease obligation	9,571	-
	(697,805)	(216,293)
Investing:		
Purchase of capital assets	(493,438)	(67,946)
Decrease in cash and short-term deposits	(1,191,243)	(284,239)
Cash and short-term deposits, beginning of year	3,179,178	3,463,417
Cash and short-term deposits, end of year	\$ 1,987,935	\$ 3,179,178

See accompanying notes to financial statements.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

General:

British Columbia Broiler Hatching Egg Commission (the "Commission") was incorporated under an order of the Lieutenant Governor in council of the province of British Columbia on October 27, 1988. The Commission's functions include setting production policy, pricing, processing and marketing of broiler hatching eggs within British Columbia. It also represents the Canadian Hatching Egg Producers in the administration of eggs in interprovincial and export trade. The Commission is a not-for-profit organization and is not taxable under the Income Tax Act.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The Commission's significant accounting policies are as follows:

(a) Revenue recognition:

The Commission follows the deferral method of accounting for contributions which include levies and other revenues.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Externally restricted contributions are recorded as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

(b) Cash and short-term deposits:

Cash and short-term deposits include balances with banks and short-term investments that are redeemable at the option of the Commission for a known amount of cash.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life or improve the service potential of an asset are capitalized. The Commission reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Commission's ability to provide goods and services, or that the value of the future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost. Allowances received for leasehold improvements are recorded as a reduction of cost. Amortization has been recorded as follows:

Asset	Basis	Rate
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Truck - breaker quality eggs program	Declining balance	30%
General equipment and supplies - breaker quality eggs program	Declining balance	20%
Office equipment	Declining balance	20%
Leasehold improvements	Straight-line	10 years

Amortization of \$6,249 (2019 - \$8,854) related to breaker quality eggs program assets is included in breaker quality eggs program expenses.

(d) Deferred lease obligation:

Deferred lease obligation relates to step-rent payments on leased premises. The liability represents the difference between the straight-line rent expense and the actual rent payments

(e) Use of estimates:

The preparation of the financial statements in accordance with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

1. Significant accounting policies (continued):

(f) Employee future benefits:

The Commission has a defined contribution plan providing pension benefits for its employees. The cost of the plan is recognized based on the contributions required to be made during each period.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Commission has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Commission determines if there is a significant adverse change in the expected amount or timing of future cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount that the Commission expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

2. Restricted cash:

Cash and short-term deposits are restricted as follows:

	2020	2019
Internally restricted	\$ 1,529,249	\$ 3,069,249
Cash available for operations	458,686	109,929
	<u>\$ 1,987,935</u>	<u>\$ 3,179,178</u>

The Board of Directors of the Commission has restricted net assets for specific purposes as disclosed in note 9.

3. Accounts receivable:

Included in accounts receivable is an allowance of \$nil (2019 - \$nil) for doubtful accounts.

4. Due from BC Chicken Marketing Board:

Amount due from BC Chicken Marketing Board is without interest or fixed terms of repayment. The Commission expects repayment to be made within the current year.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

5. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 52,599	\$ 19,142	\$ 33,457	\$ 27,499
Computer software	325,767	166,882	158,885	176,077
Truck - breaker quality eggs program	136,224	122,601	13,623	19,461
General equipment and supplies - breaker quality eggs program	37,457	35,813	1,644	2,055
Office equipment	67,275	8,881	58,394	8,414
Leasehold improvements	386,592	20,040	366,552	14,167
	\$ 1,005,914	\$ 373,359	\$ 632,555	\$ 247,673

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$20,217 (2019 - \$23,213), which includes amounts payable for GST and payroll related taxes.

7. Deferred capital contributions:

Deferred capital contributions represent external contributions for the purposes of software development.

Changes in deferred capital contribution balances are summarized as follows:

	2020	2019
Deferred capital contributions, beginning of year	\$ 62,118	\$ 88,740
Less: Amortization of deferred capital contributions	(18,635)	(26,622)
Deferred capital contributions, end of year	\$ 43,483	\$ 62,118

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

8. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 632,555	\$ 247,673
Amounts financed by:		
Deferred capital contributions	(43,483)	(62,118)
	\$ 589,072	\$ 185,555

(b) Deficiency of revenue over expenses:

	2020	2019
Amortization of deferred capital contributions	\$ 18,635	\$ 26,622
Amortization of capital assets	(103,929)	(86,998)
Loss on disposal of assets	(4,627)	(270)
	\$ (89,921)	\$ (60,646)

(c) Change in net assets invested in capital assets:

	2020	2019
Purchases of capital assets	\$ 493,438	\$ 67,946
	\$ 493,438	\$ 67,946

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

9. Internally restricted:

	2020	2019
Reserve for the Unforeseen	\$ 1,000,000	\$ 1,000,000
OBHECC funds	449,249	1,179,249
Truck Fund	80,000	80,000
Building Fund	-	750,000
Office Planning	-	60,000
	\$ 1,529,249	\$ 3,069,249

During the year, the Commission maintained a guaranteed investment certificate assigned as security to Canadian Hatching Egg Producers in the amount of \$167,000 (2019 - \$165,000) representing funds from the Reserve for the Unforeseen (note 13).

Also during the year, as approved by BCFIRB, the Commission has unrestricted OBHECC funds used for leasehold improvements of which half is to be recovered from BCCMB (note 4). This permitted the Commission to use the previously restricted amounts in the Building Fund for producer payments relating to domestic supply disruptions due to COVID-19 (note 17).

10. Producer levies:

The total levy assessed to registered producers was 1.9 cents per saleable chick for 2020 (2019 - 2.0 cents per saleable chick which decreased to 1.9 cents per saleable chick effective January 13, 2019).

Included in the total levy is a national levy of 0.30 cents per egg set (2019 - 0.32 cents per egg set which decreased to 0.30 cents per egg set effective March 24, 2019), paid or payable to the Canadian Hatching Egg Producers.

Subsequent to year end the Commission has increased the levy, effective March 7, 2021, to 2.1 cents per saleable chick, which was approved at the January 21, 2021 board meeting.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

11. Breaker quality eggs program:

	2020	2019
Breaker quality eggs revenue	\$ 659,983	\$ 651,080
Expenses:		
Amortization	6,249	8,854
Cooler and warehousing	4,800	5,100
Fuel	7,521	10,590
Levies and administrative fees	132,155	110,648
Miscellaneous supplies	5,765	8,712
Producer payments	289,607	296,082
Truck maintenance	19,664	26,450
Wages and benefits	104,154	105,689
	569,915	572,125
	\$ 90,068	\$ 78,955

12. Employee pension plan:

The Commission has a defined contribution pension plan for its full-time employees. Annual contributions to the plan are based on 10% of annual salaries for each employee. Total contributions paid in 2020 were \$45,191 (2019 - \$43,682).

13. Contingency:

The Canadian Hatching Egg Producers ("CHEP") requires that the Commission have sufficient funds or letters of credit to cover potential future assessments of liquidated damages at 17.5 cents per egg for production greater than allocation on a province by province basis. At present, the Commission has a \$167,000 guaranteed investment certificate assigned as security to CHEP (2019 - \$165,000). Production levels for the year ended December 31, 2020 indicate the Commission is within the allowed 2% sleeve of over production, and accordingly no draw has been required on the guaranteed investment certificate.

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

14. Commitments:

The Commission has committed to leasing expenditures relating to office premises over the next five years as follows:

2021	\$	63,763
2022		63,763
2023		67,687
2024		67,687
2025		67,687
Thereafter		286,444
	\$	617,031

15. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Commission will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Commission manages its liquidity risk by monitoring its operating requirements. The Commission prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Commission deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Commission assesses the credit risk of customers on a continuous basis and provides for any amounts that are not collectible in the allowance for doubtful accounts.

There has been no change to the risk exposures from the prior year, aside from the potential impact of COVID-19

BRITISH COLUMBIA BROILER HATCHING EGG COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

16. Funds held on behalf of others:

The Commission holds funds, at the Royal Bank of Canada, totalling \$130,373 (2019 - \$129,931) on behalf of the Emergency Response Team ("ERT"). The funds comprise contributions by the BC Egg Marketing Board, BC Turkey Marketing Board, BC Chicken Marketing Board, and the Commission. The funds are restricted to expenditures relating to Avian Influenza by the ERT. The assets, liabilities, revenues and expenses of the ERT are not included in the Commission's financial statements.

17. Impact of COVID-19

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization, and has had a significant financial market impact globally, domestically, and locally on jurisdictions and market sections in which the Commission operates. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our operations is not known at this time. As at December 31, 2020, the Commission has incurred \$670,508 in expenses paid out to Producers relating to domestic supply disruption due to the pandemic which has been reflected in the statement of operations.

BCBHEPA FINANCIAL STATEMENTS

Financial Statements of

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

And Independent Practitioners' Review Engagement
Report thereon

Year ended December 31, 2020
(Unaudited)



KPMG LLP
32575 Simon Avenue
Abbotsford BC V2T 4W6
Canada
Tel (604) 854-2200
Fax (604) 853-2756

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Directors of B.C. Broiler Hatching Egg Producers Association

We have reviewed the accompanying financial statements of B.C. Broiler Hatching Egg Producers Association, which comprise the statement of financial position as at December 31, 2020, the statement of operations and changes in net assets, and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

© 2020 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of B.C. Broiler Hatching Egg Producers Association as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants

Abbotsford, Canada

February 11, 2021

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Financial Position

December 31, 2020, with comparative information for 2019
(Unaudited)

	2020	2019
Assets		
Current assets:		
Cash	\$ 9,463	\$ 28,078
Inventories	6,810	3,521
Prepaid expenses	2,803	3,574
	\$ 19,076	\$ 35,173

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,891	\$ 3,823
Due to BC Chicken Grower's Association	-	525
Net assets	15,185	30,825
Impact of COVID-19 (note 4)		
	\$ 19,076	\$ 35,173

See accompanying notes to financial statements.

Approved by the Director:



Director

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Operations and Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019
(Unaudited)

	2020	2019
Revenue:		
Commission grant income (note 2)	\$ 67,182	\$ 141,753
Other income	-	4,000
	67,182	145,753
Expenses:		
Special events	26,939	75,115
Directors - per diems	25,150	28,275
Memberships	15,650	13,515
Secretary expense	5,000	10,597
Professional fees	4,400	3,595
Salaries and benefits	1,646	5,413
Travel	1,183	3,775
Insurance	1,035	1,000
Advertising	668	4,000
Office and general	487	2,429
Research and development	473	615
Interest and bank charges	191	178
	82,822	148,507
Deficiency of revenue over expenses	(15,640)	(2,754)
Net assets, beginning of year	30,825	33,579
Net assets, end of year	\$ 15,185	\$ 30,825

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019
(Unaudited)

	2020	2019
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (15,640)	\$ (2,754)
Changes in non-cash operating working capital:		
Inventories	(3,289)	998
Prepaid expenses	771	3,207
Accounts payable and accrued liabilities	68	575
Due to BC Chicken Grower's Association	(525)	525
(Decrease) increase in cash	(18,615)	2,551
Cash, beginning of year	28,078	25,527
Cash, end of year	\$ 9,463	\$ 28,078

See accompanying notes to financial statements.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2020
(Unaudited)

Nature of operations:

B.C. Broiler Hatching Egg Producers Association (the "Association") is organized to provide representation from the hatching egg producers to the poultry industry. The Association is incorporated under the Societies Act (British Columbia) and is a not-for-profit organization under the Income Tax Act. Accordingly the Association is exempt from income taxes provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Inventories:

Inventories consists of literature and audio-visual materials and are valued at the lower of the original purchase price and replacement cost.

(b) Revenue recognition:

The Association follows the deferral method of accounting for revenues which include grants and other revenues. Contributions for specific purposes or programs are deferred and subsequently recognized as revenue at the time the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(c) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of property, plant and equipment; provisions for impairment of trade accounts receivable; future income taxes; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

B.C. BROILER HATCHING EGG PRODUCERS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2020
(Unaudited)

2. Economic dependence - British Columbia Broiler Hatching Egg Commission:

A substantial amount of the Association's revenue is derived from the British Columbia Broiler Hatching Egg Commission (the "Commission"). Grant income received from the Commission of \$67,182 (2019 - \$141,753) is based on the budgetary requirements of the Association which is determined on an annual basis.

3. Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from the prior year, aside from the potential impact of COVID-19.

4. Impact of COVID-19:

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization, and has had a significant financial market impact globally, domestically, and locally on jurisdictions and market sections in which the Association operates. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time.

[illegible]

32ND ANNUAL GENERAL MEETING AGENDA

Tuesday, May 18, 2021 at 7:00 PM

Location: Videoconference

Call to Order

Reading of the March 6, 2020 Annual General Meeting Minutes

Business arising from the Minutes

Jim Collins, Chair, BCBHEC

Brian Bilkes, Chair, CHEP

David Guthrie, Auditor, KPMG LLP

Joshua Crossett, Manager Finance & Production, BCBHEC

New Business

Adjournment