

December 19, 2025

VIA EMAIL

To: All BC Hatching Egg Producers, Hatcheries and Other Stakeholders

RE: REQUEST FOR STAKEHOLDER FEEDBACK – 2025 STRATEGIC PLAN INITIATIVES

I am honoured that, as my final act as Chair of the BC Broiler Hatching Egg Commission, I have the opportunity to roll out the draft policies as a part of the final key initiatives under the Commission's 2025 Strategic Plan.

Over the past year, the Commission has worked diligently to advance key priorities aimed at strengthening our sector, supporting producers, and ensuring long-term sustainability and accountability across the hatching egg industry. The initiatives outlined in this package represent the result of that work and reflect both strategic direction and operational focus.

The following draft documents are attached for your review and comment:

1. Executive Summary
2. Regulatory Enhancements – Quota Policy Review (SP 1.2)
3. Regulatory Enhancements – New Producer Program (SP 1.3)
4. Regional Diversification (SP 3)

As we move toward implementation, the Commission is seeking input from stakeholders to ensure these initiatives are informed, practical, and aligned with industry needs. Your feedback is an important part of this process and will help guide the final steps before the implementation of these initiatives.

We respectfully request that any comments, questions, or feedback be provided by January 31, 2026, to stephanie@bcbhec.com.

On behalf of the Commission, thank you for your continued engagement and support. It has been a privilege and honour to serve as Chair, and I am confident these final initiatives will provide a strong foundation for the producers and sector as the Commission moves them forward.

Sincerely,



Bill Vanderspek, Chair
BC Broiler Hatching Egg Commission

Regulatory Enhancements & Regional Diversification Executive Summary

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1. Executive Summary

This document summarizes the BC Broiler Hatching Egg Commission's 2025 Key Initiatives of Regulatory Enhancements and Regional Diversification and provides high-level context regarding the background, progress to date, and timeline that will ensure each policy objective is met.

2. Background

As a part of the Commission's 2025 Strategic Plan, an investment of time and resources was made to determine the best approach to manage the lease policy, assess quota management tools, regionalize operations, develop a new producer program, and expand quota. These efforts were and continued to be made more complex by challenges such as a small office staff, long-life-cycle birds, and increasingly intricate corporate structures.

At the same time, the Commission aims to ensure quota liquidity to support sector policy objectives. The primary challenge lies in the interaction among these policy objectives, as each initiative influences the others. This interconnectedness requires a long-term strategy that carefully considers how changes in one area may affect another.

3. Quota Policy Review

The Commission reviewed the quota assessment tools to ensure they are current and able to effectively fund various policy objectives. Currently, the Commission assesses all non-exempt quota transfers to fund the New Producer Program (NPP).

Throughout this review, additional policy objectives including regionalization was also considered. As a result, an adjustment to the quota pool funding methodology is proposed to support this additional objective.

A small staff team and increasingly complex corporate structures have posed challenges in accurately assessing producers. To address this, the Commission intends to prioritize growth of the industry while implementing a new, specific metric to facilitate funding the quota pool in alignment with these policy objectives.

4. New Producer Program

In 2020, the Commission paused the New Producer Program (NPP) for review, as several indicators suggested that the program was not functioning optimally. Hatcheries were first to raise concerns regarding the inefficiency of collecting a small number of eggs weekly. Existing NPP producers also reported challenges with cash flow, financing, and general inefficiencies associated with smaller lots of birds.

The Commission explored a potential shift in strategy by linking the NPP revamp to a regional framework – particularly in light of a new hatchery built in the Interior region that could be more efficiently served by local producers.

Under this new approach, NPP applicants would be eligible for 12,000 placement hens of quota, an increase from the current 5,000 placement hens, and would be required to establish production in a prescribed region in the Interior of British Columbia. Currently, the minimum farm size is 12,000 placement hens, and past NPP participants who started with 5,000 placed hens faced challenges reaching this threshold within 10 years. This program aligns directly with the Regional Diversification policy objective and serves as a long-term strategy that enhances and ultimately replaces the short-term Regionalization Incentive Program. This strategy ensures regionalization can continue within a sustainable and equitable approach open to all applicants.

Key clarifications regarding this initiative include:

- A stronger emphasis on regional strategy.
- A more transparent and structured application process.
- A clear, consistent set of criteria ensuring applicants are financially and personally prepared for broiler breeder farming.

Additionally, new educational resources developed at the provincial and national levels will help prospective applicants gain a comprehensive understanding of the operational and financial demands of broiler breeder farming.

5. Regional Diversification

The Commission officially began organizing the regionalization of BC's Interior in 2023 through research and attendance at BC Interior Chicken Growers' meetings. Additionally, production in the Interior serves as a risk mitigation strategy for the Commission's Official Flock Schedule and assists in meeting allocation obligations.

A recent proposal was submitted to the Commission, indicating that prospective producers are seeking an incentive to begin their operation in the Interior. This prompted Commission staff to assess and develop an incentive program.

The incentive program aligns with the NPP's use of the quota pool, while also considering additional funding requirements.

This approach ensures that regionalization policy objectives are achieved through strategic, efficient, and sustainable means.

6. Draft Policy Referenced Documents

Strategic Priority 1 – Regulatory Enhancements 1.2 Quota Policy Review
Strategic Priority 1 – Regulatory Enhancements 1.3 New Producer Program
Strategic Priority 3 – Regional Diversification

7. Stakeholder Consultation Steps and Proposed Timeline

September 16, 2025 – BCBHEC Producers' Meeting (high-level)

December 19, 2025 – Consultation period opens; documents distributed

Roundtables TBC – BCBHEPA; BCEHA; PPAC; Producers; BCCMB; BCCGA

February 6, 2026 – Consultation period closes

February 17, 2026 – Board meeting; responses considered; decision

STRATEGIC PRIORITY 1 – REGULATORY ENHANCEMENTS

1.2 Quota Policy Review

Background

The Commission has identified its quota management rules as an area it wishes to review and revise where necessary. Generally, its current orders are based upon BCFIRB's 2005 Specialty Review which sought "to develop policies and principles to support and promote specialty production and entry opportunities in the supply management system, consistent with the Ministry of Agriculture's Regulated Marketing Economic Policy (2004). This policy focused on areas such as new entrants, specialty production and regional economic development in the regulated sector."¹ These were again reviewed as part of a supervisory process by initiated by BCFIRB in 2016 under the Quota Assessment Tools Evaluation Project.

For that project, the Commission made a submission dated June 30, 2017 and advised that it was not over-utilizing quota, or in a position to issue growth quota (rebase), at that time. Currently, the Commission finds the hatching egg industry in a position where issuing growth quota in near future is a distinct possibility.

As noted in paragraph 172 of BCFIRB's Quota Assessment Tools Supervisory Review decision (the Decision), the Commission was not bound at the time to change its quota management policies; however, it now believes it is strategic and effective to review these in light of current circumstances and other policy objectives. This document is not intended to review the Decision, point by point, but rather to use it and other marketing board submissions on the subject as a starting point. Stakeholders are encouraged to read the Decision and related submissions.

Appendix A contains relevant excerpts from the Consolidated Order most relevant to quota management and referenced terms.

Current Rules

The Commission has an extensive section in the Consolidated Order for the management of quota. A significant amount of the rules resulted from BCFIRB's previous directions to ensure that the new entrant policy objective was funded by marketing boards and commissions. These rules are cumbersome, with added complexities upon the issuance of growth quota weighing against BCFIRB's Specialty Review (2025) objective that "quota is transferable."

Core to the rules is that new entrant programs (NEP), or New Producer Program (NPP) to the Commission, are to be funded by way of quota transfer assessments. These assessments are pooled, into a "quota pool," and are available to fund the NPP and other policy objectives.

At this time, the Commission has two classes of Placement Quota: quota that was issued prior to April 1, 2006 ("legacy") and special allotments pursuant to the NPP. It also has one class of Regularized Producer Chick Quota for specialty producers.

¹ February 2, 2018. British Columbia Farm Industry Review Board. [Quota Assessment Tools Supervisory Review](#) (para. 7).

Legacy, general and special allotments of quota are subject to the following assessments:

- Quota issued prior to April 1, 2006 (legacy) is subject to 0/0/5
 - This 5% assessment is made every transfer, unless it is exempt per para. 19(5).
- Special allotment means:
 - A general allotment of Placement Quota by the Commission
 - This includes Growth Quota and is subject to 10/10/10²
 - A special allotment of Placement Quota in the New Producer Program
 - This is subject to 10/10/10
 - A special allotment of Placement Quota in the Small-Lot Innovative Self-Marketer Program
 - This is subject to 10/10/10
 - An allotment of Regularized Producer Chick Quota
 - Not subject to assessment per para. 12(2).
- Last-in first-out (LIFO) applies to all classes of quota – the quota last purchased or allotted is the first permitted to be sold or retracted.

How to Assess

With the LIFO requirement placed on quota transfers, having only two classes of Placement Quota has limited the complexities. For example, producers who were allotted NPP quota would be allotted that first before purchasing legacy quota; therefore, upon selling quota, legacy quota would be sold first as it was purchased last.

This cannot be said should growth quota be issued in that this type of quota could be issued in between the time in which NPP quota was allotted and legacy quota was purchased, if any. Quota portfolios would need to be created and maintained, increasing administrative burden.

Calculating the assessment would be done by applying the rate applicable to the classes of quota in question. A hypothetical quota portfolio on July 1, 2030:

Quota Class	Purchase/Allotment Date	Amount (quota hens)	Assessment Rate (today)	Assessment (today)	LIFO Order
NPP	January 1, 2014	5,000	10% (at 10/10/10)	500	4
Legacy	June 30, 2016	10,000	5%	500	3
Legacy	May 1, 2027	5,000	5%	250	2
Growth	July 1, 2028	2,000	80% (if 10/10/10)	1,600	1
Total		22,000		2,850	

Table 1 - Hypothetical Quota Portfolio - Entries

A quota portfolio would have to note the quota classes have purchases and sales listed in chronological order to effect LIFO. To effect a going concern sale (full farm) or a deemed transfer, all classes of quota would be assessed at once. To effect a transfer of quota (some of the held quota), the LIFO Order in *Table*

² Over 10 years the quota holder increases their ownership of such quota by 10% for each completed year of production, with a minimum assessment of 10% required on the first transfer of such quota after 10 years of ownership.

1 would be applied. Using this hypothetical portfolio as an example, if the producer wished to sell quota so that the purchaser would receive 2,000 placement hens on July 30, 2030, a total of 3,684 amount of quota would be deducted, as follows:

LIFO Order	Quota Class	Purchase/Allotment Date	Transfer Date	Gross	Assessment	Net
1	Growth	July 1, 2028	July 30, 2030	2,000	1,600	400
2	Legacy	May 1, 2027	July 30, 2030	1,684	84	1,600
Total				3,684	1,684	2,000

Table 2 - Hypothetical Quota Portfolio - Quota Transfer Assessment Calculation

Once the first sale and assessment on growth or NPP quota is made, the quota reverts to “legacy” to the purchaser and is assessable at 5% going forward. The portfolio may also require additional columns (e.g., region per the regional diversification policy objective).

When to Assess

Quota can be held personally, in a partnership, or in a corporation. Transfers of quota require an application to the Commission, followed by staff review with production planning, and then Board review and approval. Since assessments are made on transfers of quota, a determination of what constitutes a transfer of quota must be made.

When quota is held personally (not in a corporation), it is simple to identify when a transfer of quota is to occur – when the person makes an application to sell it so that it is not in his/her name. This becomes more difficult when a partnership or corporation holds quota, apart from sales to an arms-length party.

Any system that relies on quota transfer assessments as a means to fund programs like the NPP will necessarily require the Commission to carefully track all changes to the direct or indirect, legal or beneficial interest of each individual in a partnership or a corporation. In the absence of such elaborate measures, individuals could easily evade the quota assessment simply by transferring an interest in a partnership or corporation, rather than by transferring an interest in quota.

For a partnership, it is possible for partnership interest to be transferred, either in full or in part. For corporations, it is possible for share capital to be changed (shares issued, retracted) or interest in the shares (shareholders) to be transferred in full or in part. It is also possible to change share capital or shareholders in a parent company when a subsidiary owns the quota. These are all considered deemed transfers of quota and have been documented as occurring in the past without Commission knowledge. Deemed transfers require disclosure (self-reporting) by producers; consequently, the Commission may be unaware of other deemed transfers at this time. It appears beneficial, at this time, to implement amendments that reflect the legally correct view that partnerships are merely arrangements between producers (individuals or corporations) each of which must have their own producer licence and allocation of quota; transition policies may be required to achieve this result.

Share reorganizations (common in intergenerational farm transfers) and more complex corporate structures are now the norm and not the exception; this has resulted in deemed transfers which may or may not be communicated in a timely fashion, or at all. The self-reporting nature appears to fall short on ensuring

assessments are applied fairly. This impacts the assessment funding model and timeline on achieving key policy objectives.

To mitigate this as best possible, the Commission notes the partnership percentages of partners in any partnership and requests central securities registers for corporations. If a common shareholder of the company that holds quota is also corporation, that shareholder's central securities register is requested as well. However, this amounts to a large amount of administrative time for a small staff team and relies upon the integrity and knowledge to do so by the parties to the transfer. For example, the application of a 25% share of interest change in a parent company who has a one-third interest in a subsidiary that owns quota is cumbersome.

It is also noted that no distinction in share interest is made in the current rules as to common versus preferred shares. Technicalities arise where a share exchange of common shares to preferred occurs, say, for the parents, and new common shares are issued to the child(ren) to effect the intergenerational transfer – is it the number of shares in total that is to be used to calculate share interest percentages? Do share attributes such as retractability or redeemability and/or voting rights of the preferred shares, matter?

Section 15 of the Consolidated Order attempts to address this by requiring registration of the quota (per the license) “in the partnership name and individual names of all the partners”. In case of a corporation, quota is registered “in the corporate name and the name of the president or majority shareholder,” and “is deemed to have been allotted to each shareholder, whether holding voting shares or not, in proportion to their share holdings of issued shares in the corporation.” That said, some of today's complexities do not appear to have been fully contemplated at the time the quota management rules were created.

Upon origination of the quota assessment tools over twenty years ago, commodity boards were directed to fund the New Producer Program through quota transfer assessments; for reasons outlined above, this has become more difficult with the increasingly complex corporate structures used by producers.

For example, consider the hypothetical quota portfolio outlined in Table 1. If there were three common shareholders each owning 33%, one of which was a family trust, how does a beneficiary change within the trust to include a non-exempt party impact the overall holdings? How is the deemed disposition best recorded? How does this change if the shareholders are one level removed through the use of a parent company?

These intricacies in tracking and managing self-reported, complex transactions can be avoided if the New Producer Program and other policy objectives are permitted to be funded, in whole or in part, by growth in allocation – the current and alternative assessment models are reviewed next.

Quota Pool Funding

Current Assessment Model

Notwithstanding the issues of self-reporting and effecting complex deemed transfers, times of instability or change (e.g., chicken consumption, economic, taxation, family, etc.) result in fewer quota transactions to fund policy objectives. A reliance on transfer assessments alone to fund policy objectives may be neither palatable nor required given the Specialty Review (2005) stated that “quota is available to commodity

boards...” This is further confirmed in BCFIRB’s Quota Assessment Tools Supervisory Review decision, paragraph 181, where “Boards are to have some form of mechanism in place to ensure quota is available to the commodity board for new entrants and other policy program needs (market demands/public interest) on an on-going basis.”

The current assessment model, broken out between mainstream and specialty:

Type	Assessment Method	Placement Quota (e.g., Legacy)	Growth Placement Quota issued	NPP Placement Quota issued	Regularized Producer Chick Quota
Mainstream	Direct assessment	5% direct assessments on quota transfers, LIFO applicable	10/10/10 → on first transfer after which converts to Placement Quota, LIFO applicable	10/10/10 → on first transfer after which converts to Placement Quota, LIFO applicable	n/a
Specialty	n/a	n/a	n/a	n/a	Exempt per C.O. 12(2)

Table 3 - Current Assessment Model

Transfer assessments applied to any applicable class of quota are “pooled” into a quota pool. The current assessment model has yielded the following quota assessments to and allotments from the quota pool since 2011:

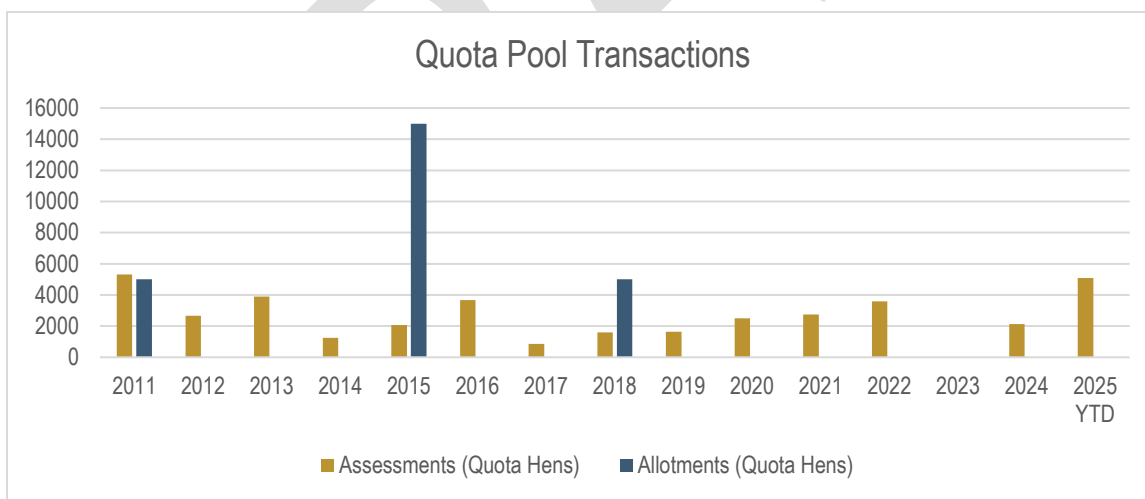


Figure 1 - Quota Pool Transactions 2011 to 2025 YTD

The quota pool increased an average of 2,600 quota hens annually, or 5,200 per quota period; this is slightly higher than the current NPP allotment amount of 5,000. This suggests that an average of one NPP launch per period under the existing NPP rules is a realistic target. During this period, allotments made from the quota pool were made in support of the NPP policy objective alone.

The year-end balance of the quota pool varied between 4,600 and its current level of 23,406 quota hens. The current balance is reflective of a pause for a review of the NPP which is provided for in a separate document.

Alternative Funding Models

Per paragraph 178, BCFIRB expects commodity boards to:

- Bring in new entrants through new entrant programs on an annual or regular basis;
- To regularly review and update new entrant programs to ensure the programs remain effective and strategic; and
- Continue to support regional and specialty/niche development opportunities through new entrant programs.

Further, the fourth policy objective of the 2005 Specialty Review is that “quota is available to commodity boards to support policy objectives, including development of specialty markets and providing for new entrants in the supply management system.” Thus, regardless of the specific quota pool funding methodology chosen, the Commission has further quota available to support its objectives.

Beyond the required direct assessments presently used (*Table 3*), the Commission has identified two other options available to fill the quota pool (*Table 4*): indirect assessments or allotting a percentage of growth in allocation.

Type	Assessment Method	Placement Quota (e.g., Legacy)	Growth Placement Quota issued	NPP Placement Quota issued
Mainstream Option 1	Indirect (deemed) assessment	5% indirect assessments on quota transfers, LIFO not applicable	10/10/0 → on first transfer or after 10 years converts to Placement Quota, LIFO applicable (2 years)	10/10/10 → on first transfer converts to Placement Quota, LIFO not applicable
Mainstream Option 2	No assessment	X% of growth in allocation, LIFO not applicable	100% if sold in first 2 years (quota period); no lease permitted, LIFO applicable (2 years) → after 2 years converts to Placement Quota	10/10/10 → on first transfer converts to Placement Quota, LIFO not applicable

Table 4 - Identified Assessment Options

Transfers of Regularized Producer Chick Quota are exempt from assessment at this time; a funding model for a specialty component within the NPP and Regional Diversification policy objectives are to be made when both indicators of sector growth and launch success are present.

Indirect Assessments on Total Transfers

The first identified option to allotting quota into the quota pool is by way of assessing a percentage of total transfers in the year. No individual producer would experience an assessment, but the industry would contribute quota hens into the pool. In practice, the Commission would continue to record quota transfers without deducting from the transferor any assessment amount. Instead, the quota pool would be increased annually on paper by what those assessments would have been. The annual average of 2,600 quota hens per year would be identical.

This approach would necessitate the continuance of tracking partnership and corporate share structures, relying on producers to have their lawyers submit central securities registers, and significant work on addressing the added complexities of share structures and corporate shareholders, resulting from deemed transfers, to be codified into the Consolidated Order.

With all that having to be completed, the approach of 10/10/0 for growth quota and NPP quota could be maintained; however, its usefulness is in question as it is almost assured that a producer with legacy quota would elect to sell that quota first with no direct assessment. The administrative effort would generally only be of use when a full farm sale (quota-only or going concern) is made, on what may amount to no more than 20% of quota in the industry at any one point.

While identified as an option merely by not having a direct assessment component, it does not improve upon or eliminate the issues identified under the current rules employed; therefore, another alternative is required.

Percentage of Growth in Allocation

The second identified option is to place a portion of growth in allocation into it. In determining whether this approach is viable, it is important to understand the factors that go into the broiler hatching egg allocation as set by CHEP.

The allocation calculations start with the total kilograms of eviscerated chicken that is estimated to be produced in the given year. A recommended amount is provided by CHEP's Advisory Committee and subsequently debated and voted on by the CHEP Board of Directors. This amount is then split based on chicken market share provincially.

CHEP then converts this figure into broiler hatching eggs for the province by way of a meat-to-egg ratio which utilizes the past 52 weeks of chicken production and net egg sets. BC's market share of eviscerated kilograms of chicken is divided by the meat-to-egg ratio and yields total broiler hatching eggs required in BC. CHEP then deducts an amount for imports per trade agreements and arrives at BC's total domestic broiler hatching egg production requirement.

Should the Commission wish to use a percentage of growth in allocation, using the final allocation for BC as the marker may be too volatile as it is impacted by changing chicken market share, production changes or challenges (loss of eggs or loss of kilograms), trade agreements, and ultimately the estimated overall eviscerated chicken production for Canada at each CHEP meeting. However, this marker is most connected to the product produced by hatching egg producers.

The final allocation for the past decade:

Year	Est. Canadian Chicken Production (kgs)	Change (kgs)	Final Allocation (BHE)	Change (BHE)
2014	1,065,000,000	-	104,765,686	-
2015	1,102,000,000	37,000,000 (3.5%)	108,255,014	3,489,328 (3.3%)
2016	1,149,900,000	47,900,000 (4.4%)	112,647,036	4,392,022 (4.1%)
2017	1,207,000,000	57,100,000 (5.0%)	115,701,275	3,054,239 (2.7%)
2018	1,265,000,000	58,000,000 (4.8%)	123,816,208	8,114,933 (7.0%)
2019	1,296,000,000	31,000,000 (2.5%)	122,453,465	(1,362,743) (-1.1%)
2020*	1,268,000,000	(28,000,000) (-2.2%)	121,171,051	(1,282,414) (-1.0%)
2021	1,325,000,000	57,000,000 (4.5%)	120,938,093	(232,958) (-0.2%)
2022	1,366,000,000	41,000,000 (3.0%)	123,999,730	3,061,637 (2.5%)
2023	1,418,000,000	52,000,000 (3.8%)	127,446,667	3,446,937 (2.8%)
2024†	1,412,000,000	(6,000,000) (-0.4%)	126,295,019	(1,151,648) (-0.9%)
2025	1,446,000,000	34,000,000 (2.4%)	130,561,150	4,266,131 (3.4%)
Total Annual Avg.	-	381,000,000 (35.8%) 34,636,364 (2.8%)	-	25,795,464 (24.6%) 2,345,042 (2.0%)

Table 5 - *COVID-19 impacts †HPAI impacts

Excepting major interruptions in chicken production that generally occur nationwide, chicken growth estimation grows consistently from 2.4% to 5.0% annually. This is not the case with BHE allocation to BC due to the aforementioned factors; in the past 11 years of allocation, four had negative growth. With a similar meat-to-egg ratio between the 2014 year (1.2678) and 2025 year (1.2624), the reduced growth in BHE allocation can be attributed to the loss in market share (from 15.1% to 13.8%) and increased imports required under negotiated trade deals. It is proposed that a translation of the average annual increase of 2.3 million BHE into quota hens would yield 16,750 (at 140 BHE/hen). This equates to 33,500 quota hens over a quota period.

As noted above under the current assessment model, the graph of quota pool transactions since 2011 suggests that a launch of one new producer through the NPP is afforded solely from such assessments. In keeping with this average, as an example, and with the understanding of proposed changes to the program that may result in allotments of 12,000 hens, this would result in approximately one-third (35.8%) of the average industry growth to be allocated to new entrants³. Any growth in the hatching egg allocation that is more or less than about 0.72% year-over-year would be achieved through adjustments in utilization on all Placement Quota⁴.

Important to note is that policy objectives of the Commission will change over time and will require refinement of quota amounts needed to be made available for any such objectives (and placed into the quota pool, accordingly).

**Growth: 16,750
(estimate)**

Quota Pool: 6,000
(estimate)

Balance: 10,750
(estimate) available
to Producers via
Utilization

Figure 2 - Example of Distribution of Growth, per Quota Year

³ 12,000 quota hens / 33,500 quota hens

⁴ 35.8% x 2.0% BHE annual growth

As for the current quota pool balance of 23,406 quota hens, it is proposed that this be allotted to the both the NPP and Regional Diversification policy objectives. With the Regional Diversification policy review under separate cover, it is important to note that the quota pool is intended to act as a 'launch' for this policy with 12,000 quota hens being made available for allotment to producers initially launched into the Interior, in consideration, in part, of the regional restriction that will be placed upon other Placement Quota purchased and 'moved' into the BC Interior. The Commission acknowledges that this figure may be supplemented by additional Placement Quota.

The remaining balance of approximately 12,000 quota hens in the quota pool will be made available to the NPP following its review; the increase from 5,000 quota hens is in part due to the regional restriction anticipated to be placed on said quota.

On an ongoing basis, the Commission will make available to the quota pool 6,000 quota hens per year (12,000 per quota period) for the purposes of the NPP, should market conditions warrant new entrants into the BC Interior. In any event, the Commission will continue to review growth in allocation against contributions of quota to the quota pool in its annual utilization report.

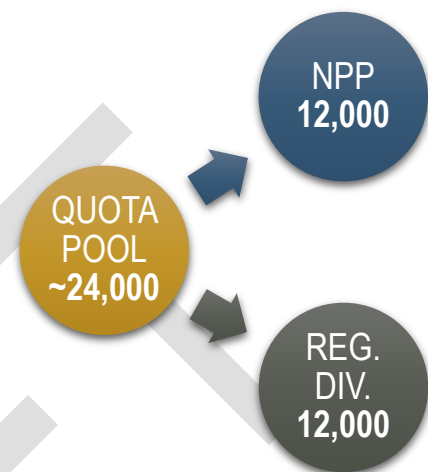


Figure 3 - Proposed one-time distribution of quota pool in support of two policy objectives

Reduced Use of LIFO

In its decision, BCFIRB gave supply managed commodities the option to remove the LIFO requirement on the sales of quota (para. 171) subject to provisions that the 'windfall' nature of growth quota allotment be addressed, according to a specific set of rules outlined by BCFIRB. At a minimum, any producer that accepts growth quota cannot have sold quota in the year immediately preceding the growth quota allotment.

Even when this is coupled with the removal of LIFO, the administrative burden of tracking partnership and corporate arrangements remains if growth quota (and NPP quota) is still subject to 10/10/0.

To alleviate this, and in keeping with preventing a windfall, real or perceived, the Commission proposes requiring producers who receive growth quota have a 'freeze' on the sale or lease of any held quota for one quota period (two years). Essentially, any producer who moves to sell quota would be subject to a 100% assessment on the amount of the transfer up to the total growth quota recently allotted (Option 2). A producer could not choose to sell legacy quota first. In other words, LIFO would not be completely removed and instead used in a limited circumstance of two years upon the issuance of growth quota. This also balances the competing objective that quota is transferable by not barring quota sales outright.

These proposed rules should incentivize building capacity for the industry as a whole, as well as set policies and rules for administering quota received from a commodity board on a similar basis for all

classes of quota with exceptions only when demonstrably needed.⁵

Permitted Exceptions

Paragraph 19(5) permits exceptions to the assessment on quota transfers under four conditions:

- (1) Quota is Transferred or deemed to have been Transferred, to the Transferor's spouse, child, or child and the child's spouse;
- (2) All Quota is Transferred to the Transferor's sibling together with the associated Production Unit;
- (3) Two or more Producers enter into an agreement of partnership and the partnership interest of each such Producer is proportionate to the Quota registered in that Producer's name;
- (4) The amount of Quota deemed to have been allotted to a Producer having an interest in a partnership remains registered in that Producer's name upon dissolution of the partnership.

Should the alternative method to funding the quota pool for policy objectives be based on indirect assessments, these exemptions would continue to be appropriate. If instead it is based on an allotment out of industry growth, none of these exceptions appear to be required. However, there may be a case for continued use of the exemptions for family-related transfers should there be any period of restricted quota transactions.

For example, if growth quota were to be issued with the aforementioned restriction on sales for one quota period after issuance, an exemption to transfer the quota intergenerationally would support family farming while recognizing that this process often takes years to plan and implement with other professionals. It also is important that the development of specific rules administering growth quota occur at the time it is contemplated; only at that point would the Commission understand future market conditions, and industry opportunities and challenges to lay out appropriate rules.

In retaining these, exceptions for family-related transfer rules would be the default and should be amended to recognize that there may be circumstances in which they are not permitted.

⁵ February 2, 2018. British Columbia Farm Industry Review Board. [Quota Assessment Tools Supervisory Review](#) (para. 174).

Recommendation

Option 2 is recommended with the limited use of LIFO for the specific circumstance of growth quota issuance, reduction of administrative challenges where possible, and an amended retention of exceptions for family-related transfers:

Type	Assessment Method	Placement Quota (e.g., Legacy)	Growth Placement Quota issued	NPP Placement Quota issued	Regularized Producer Chick Quota
Mainstream	No assessment	X% of growth in allocation, LIFO not applicable	100% if sold in first 2 years (quota period); no lease permitted, LIFO applicable (2 years) → after 2 years converts to Placement Quota	10/10/10 → on first transfer converts to Placement Quota, LIFO not applicable	n/a
Specialty	n/a	n/a	n/a	n/a	Exempt per C.O. 12(2)

Table 6 - Recommended Assessment Options

A red-lined draft of the Consolidated Order changes will be provided at Appendix B following consultation. The finalization of these rules will permit the Commission to continue with more certainty how to best move forward with the two other policy objectives of NPP and regional diversification, along with increasing production capacity in the industry through barn builds.

Consultation

September 16, 2025 – BCBHEC Producers' Meeting (high-level)

December 19, 2025 – Consultation period opens; documents distributed

Roundtables TBC – BCBHEPA; BCEHA; PPAC; Producers; BCCMB; BCCGA

February 6, 2026 – Consultation period closes

February 17, 2026 – Board meeting; responses considered; decision

Appendix A Consolidated Order Excerpts

Consolidated Order

PART I – INTRODUCTORY

Interpretation

2. In this and all Orders of the Commission, unless the context requires otherwise, the definitions contained in the Natural Products Marketing (BC) Act, R.S.B.C. 1996, c. 330 and the British Columbia Broiler Hatching Egg Scheme (B.C. Reg. 432/88) shall have effect together with the following additional definitions:

...

“Broiler Hatching Egg” includes a Breaker Quality Egg, a Cull Egg, a Cull Underweight Broiler Hatching Egg, an Underweight Broiler Hatching Egg, and an Unmarketable Egg.

...

“Permissible Lease” means a Transfer of Quota by way of lease or license for a term of not more than two years, where:

- (a) the Transferor is a Registered Producer who has been actively engaged in Broiler Hatching Egg production for at least the immediately preceding Quota Period; and
- (b) the Quota so leased or licensed does not exceed 10% of the Transferor’s total allotment of Quota.

...

“Placement Quota” means the maximum quantity, as determined by the Commission, of broiler breeder pullets that may be received by a Producer in a Quota Period for the purpose of producing Broiler Hatching Eggs, excluding any allowances for mortality in shipment.

...

“Producer” means a Person who uses a Farm for the purpose of producing Broiler Hatching Eggs.

...

“Quota” means Placement Quota or Regularized Producer Chick Quota, as the case may be.

“Quota Period” means a twenty-four (24) month period commencing July 1st for Placement Quota and a twelve (12) month period commencing January 1st for Regularized Producer Chick Quota.

“Registered Producer” means a Producer registered by the Commission and recorded in the Register of Producers kept at the Commission’s head office.

“Regularized Producer” means a Registered Producer who has been allotted Regularized Producer Chick Quota.

“Regularized Producer Chick Quota” means the maximum quantity, as determined by the Commission, of Chicks that may be hatched in a Quota Period from Broiler Hatching Eggs produced by Regularized Producer.

...

“Special Allotment” means:

- (a) a general allotment of Placement Quota by the Commission;
- (b) a special allotment of Placement Quota in accordance with the New Producer Program Rules set out in Schedule 1;
- (c) a special allotment of Placement Quota in accordance with the Small-Lot Innovative Self-Marketer Program Rules set out in Schedule 7;
- (d) an allotment of Regularized Producer Chick Quota.

...

“Transfer” means a direct or indirect, legal or equitable, permissible or impermissible transfer of an interest of Quota, or the grant of an option to transfer an interest in Quota, and in the case Quota allotted to a corporation includes a transfer of shares or an interest in shares of the corporation or the issuance of additional shares or redemption of existing shares which results in a change in the proportion of shares held by each shareholder; but does not include the grant of a security interest in Quota in favour of a bona fide lender.

“Transferee” means the Person to whom Quota is being Transferred.

“Transferor” means the Person from whom Quota is being Transferred.

...

PART II – LICENSING

General Conditions

5. (1) It is a condition of issuance and maintenance of every licence that the applicant or holder complies with the Orders of the Commission from time to time in force and all applicable legislation and regulations.
- (2) Subject to subsection (3), no more than one Producer licence shall be issued with respect to a single Production Unit.
- (3) Two or more Producers may apply to the Commission to dispense with the limitation imposed under subsection (2). No dispensation of the limitation imposed under subsection (2) shall be effective unless approval is given by the Commission in writing. Where the Commission has granted such written approval, every Producer whose license is permitted to issue with respect to a single Production Unit shall be jointly and severally responsible and accountable for every incident of non-compliance, howsoever caused, in any way relating to or arising from that Production Unit.
- (4) One Producer licence may be issued with respect to more than one Production Unit.

- (5) No licence shall be issued to any individual who is under the age of nineteen years, or to any corporation controlled by any individuals under the age of nineteen years, or to any partnership with respect to which any individual member is under the age of nineteen years.
- (6) When a Producer holding a licence is a partnership or a corporation and undergoes a change in controlling partners or control of the corporation, the licence of such Producer is subject to revocation by the Commission. For the purpose of this subsection, a change in control of a corporation shall be a change in ownership, direct or indirect, of the majority voting shares of the corporation and a change in controlling partners is a change of partner or partners entitled to 50% or greater interest in the partnership.
- (7) Licences are not transferable.

...

PART III – ALLOTMENT AND REGISTRATION OF PLACEMENT QUOTA

Allotment of Quota

- 8. (1) The Commission may allot Quota to Producers or adjust, reduce, alter or cancel Quota allotted to such Producers, at such time or times, in such amounts and in such a manner as may be determined by it.
- (2) Unless otherwise determined by the Commission:
 - (a) Quota shall not be allotted to any individual who is under the age of nineteen years, or to any corporation controlled by any individuals under the age of nineteen years, or to any partnership with respect to which any individual member is under the age of nineteen years.
 - (b) Quota allotted to a Producer that is not produced by that Producer in a Quota Period is subject to cancellation by the Commission, except in the event of exceptional circumstances as determined by the Commission in its sole discretion.
 - (c) No Producer may Transfer Quota by way of lease or licence for a term exceeding two years, and any such Quota so leased or licensed is subject to cancellation by the Commission.
 - (d) No Producer shall be permitted to hold an allotment of Placement Quota of less than 12,000 broiler breeder pullets per Quota Period, except where the Producer is:
 - (i) an entrant under the New Producer Program Rules set out in Schedule 1; or
 - (ii) an entrant under the Small-Lot Innovative Self-Marketer Program Rules set out in Schedule 7.
- (3) All Quota is a revocable license to produce only and remains the exclusive property of the Commission

Special Issuance of Placement Quota Under New Producer Program

- 9. The Commission may issue Placement Quota in accordance with the New Producer Program Rules set out in Schedule 1.

Special Allotment of Placement Quota Under Small-Lot Innovative Self-Marketer Program

10. The Commission may allot Placement Quota accordance with the Small Lot Innovative Self-Marketer Program Rules set out in Schedule 7.

Allotment of Regularized Producer Chick Quota

11. (1) Effective January 1, 2021, all “Temporarily Regularized Producer Chick Quota” previously allotted by the Commission pursuant to the now repealed “Temporary Regularization of Historically Non-Compliant Silkie and Taiwanese Producers Program Rules” is converted to an allotment of Regularized Producer Chick Quota.
- (2) The Commission may, at any time, and in its sole discretion, adjust the permitted utilization rate of Regularized Producer Chick Quota.

Special Restrictions on Regularized Producer Chick Quota

12. (1) Regularized Producer Chick Quota may be held for production by a Regularized Producer only for so long as that Regularized Producer:
 - (a) permits Commission audits of the Farm operation to ensure compliance with Commission orders and all applicable legislation;
 - (b) is in good standing with all applicable Commission orders and all applicable legislation;
 - (c) is actively engaged in Silkie or Taiwanese Broiler Hatching Egg production; and
 - (d) uses the Regularized Producer Chick Quota exclusively for the production of Silkie or Taiwanese chicks;failing which the Regularized Producer Chick Quota so allotted shall thereupon be subject to immediate cancellation on notice by the Commission to the entrant.
- (2) Regularized Producer Chick Quota may be Transferred provided that it shall continue to be subject to all of the special restrictions described in subsection (1). Notwithstanding any other provision in the Consolidated Order, no surrender of Regularized Producer Chick Quota is required on a Transfer thereof.
- (3) Regularized Producer Chick Quota cannot be converted to Placement Quota.

...

Registration of Quota to Independent Production Unit

14. (1) Quota allotted by the Commission to a Producer shall be registered to the Independent Production Unit or Units described in the Producer licence.
- (2) Where a Producer operates more than one Independent Production Unit under a single Producer licence, Quota allotted to that Producer will be apportioned by the Commission and registered to each such Independent Production Unit as directed by the Producer or, in the absence of such direction, in such amounts and in such a manner as may be determined by Commission.

- (3) All broiler breeders shall be kept on and marketed from the Independent Production Unit or Units described in the Producer licence in a manner consistent with the Quota registered to the Independent Production Unit or Units, as the case may be, unless the Commission otherwise consents in writing.
- (4) The location of an Independent Production Unit to which Quota is registered shall not be changed in whole or in part, unless the Commission otherwise consents in writing.

Registration of Quota to Producer

- 15. (1) Quota allotted to a Producer who is a sole proprietor will be registered by the Commission in the name of the Producer. If the Producer requests that the Quota be registered to a business name that is different from the Producer's name, the Quota will be registered to both the business name and the Producer's name.
- (2) Quota allotted to a Producer which is a partnership will be registered by the Commission in the partnership name and individual names of all of the partners. At the time of first registration, and subsequently as required by the Commission, the partnership shall file with the Commission a true copy of the partnership agreement showing the name of each partner and the interest that each partner has in the partnership. The partnership shall inform the Commission in writing one calendar month before any subsequent change is made in the partners or in the interest each has in the partnership.
- (3) Quota allotted to a Producer which is a corporation will be registered by the Commission in the corporate name and the name of the president or majority shareholder. At the time of first registration, and subsequently as required by the Commission, the corporation shall file with the Commission a true copy of the Certificate of Incorporation and the Register of Members. The corporation shall inform the Commission in writing one calendar month before any subsequent change is made to the share allotment within, or structure of, the corporation.
- (4) Quota allotted in the name of a corporation is deemed to have been allotted to each shareholder, whether holding voting shares or not, in proportion to their share holdings of issued shares in the corporation.
- (5) The Commission may require a Producer, which is a partnership or a corporation, to file with the Commission at any time subsequent to first registration, a true copy of the partnership agreement or register of members of the corporation.
- (6) Failure by a Producer to provide the Commission with any of the documents required by the Commission within the time period stated by the Commission shall result in the suspension of the offending licensee's licence and Quota until the required document is filed and approved by the Commission.

PART IV – TRANSFER AND LEASE OF PLACEMENT QUOTA

Application for Transfer of Quota

16. (1) Quota may only be Transferred upon application by the Transferor to, and with the written approval of, the Commission.
- (2) Applications for Transfer of Quota must be accompanied by:
 - (a) an administration fee of \$250.00 payable by the applicant to the Commission;
 - (b) a letter from the applicant's Hatchery releasing the applicant from any outstanding accounts with the Hatchery.
- (3) Where the Commission incurs legal or other professional expenses in connection with the processing of an application for Transfer, such expenses may be charged to the applicant as a condition of approval of the application by the Commission.
- (4) Applications for Transfer of Quota made within six months of an approved Transfer of Quota are not subject to payment of additional administration fees or additional legal or other professional expenses incurred by the Commission in connection with the processing of such applications.

Limitations on Transfer of Quota

17. (1) The Commission may refuse to approve a Transfer of 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 Quota by way of a Permissible Lease within one year from the date that such Producer last Transferred Quota by way of a Permissible Lease.
- (3) The Commission may require a Transferee of Quota to be interviewed by the Commission.
- (4) The Commission may impose conditions with respect to any approval of a Transfer of Quota.
- (5) The Commission may suspend the approval of Transfers for a definite or indefinite period of time.

Deemed Transfer of Quota

18. (1) A Transfer of Quota allotted to a partnership is deemed to occur when a partnership interest is transferred.
- (2) A Transfer of Quota allotted to a corporation is deemed to occur when:
 - (a) The shares of that corporation are transferred;
 - (b) An interest in the shares of that corporation is transferred;
 - (c) Additional shares of that corporation are issued resulting in a change in the proportion of shares held by each shareholder; or

- (d) Existing shares of that corporation are redeemed resulting in a change in the proportion of shares held by each shareholder.

Surrender of Quota on Transfer

19. (1) Subject to subsection (5), where Quota is Transferred other than by way of a Permissible Lease, the Transferor shall surrender to the Commission an amount of Quota calculated as follows:
 - (a) 5% of the amount of Quota being Transferred, where such Quota was:
 - (i) allotted pursuant to a Special Allotment to the Transferor prior to April 1, 2006; or
 - (ii) allotted to the Transferor other than pursuant to a Special Allotment;
 - (b) 100% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within one year from the date of the proposed Transfer;
 - (c) 90% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the second year preceding the date of the proposed Transfer;
 - (d) 80% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the third year preceding the date of the proposed Transfer;
 - (e) 70% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the fourth year preceding the date of the proposed Transfer;
 - (f) 60% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the fifth year preceding the date of the proposed Transfer;
 - (g) 50% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the sixth year preceding the date of the proposed Transfer;
 - (h) 40% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the seventh year preceding the date of the proposed Transfer;
 - (i) 30% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the eighth year preceding the date of the proposed Transfer;
 - (j) 20% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the ninth year preceding the date of the proposed Transfer;

- (k) 10% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within, or prior to, the tenth year preceding the date of the proposed Transfer.
- (2) For the purposes of subsection (1), the Placement Quota being Transferred is deemed to be the Placement Quota most recently allotted to the Transferor. The Commission may, in its sole discretion, deem Placement Quota to have been allotted on a date that precedes the date of allotment recorded by the Commission where a Producer has satisfied the Commission, on satisfactory evidence, that there are good and sufficient reasons to do so.
- (3) Where the interest of a Producer in a partnership is increased, decreased or transferred, a proportionate Transfer of the Quota deemed to have been allotted to such Producer is deemed to occur.
- (4) Where the direct or indirect interest of an individual in a corporate Producer is increased, decreased or transferred, a proportionate Transfer of the Quota deemed to have been allotted to such individual is deemed to occur.
- (5) A surrender of Quota pursuant to paragraph 19(1)(a) is not required where:
 - (a) Quota is Transferred, or deemed to have been Transferred, to the Transferor's spouse, child, or child and the child's spouse;
 - (b) all Quota is Transferred to the Transferor's sibling together with the associated Production Unit;
 - (c) two or more Producers enter into an agreement of partnership and the partnership interest of each such Producer is proportionate to the Quota registered in that Producer's name;
 - (d) the amount of Quota deemed to have been allotted to a Producer having an interest in a partnership remains registered in that Producer's name upon dissolution of the partnership.

...

SCHEDULE 1 – NEW PRODUCER PROGRAM RULES

...

Application

- 2. (4) An applicant for the New Producer Program may be a partnership in which case each partner must qualify under subsection (5).

...

Purchase or Acquisition of Additional Placement Quota

- 6. (1) An entrant may purchase or acquire Placement Quota.
- (2) Entrants under the New Producer Program are eligible to receive general allotments of new Placement Quota and are subject to general adjustments or reductions of Placement Quota, and

for that purpose, such receipts, adjustments or reductions shall be calculated against the Placement Quota then allotted to the entrant.

...

SCHEDULE 7 – SMALL LOT INNOVATIVE SELF-MARKETER PROGRAM RULES

...

Application Under Small-Lot Innovative Self-Marketer Program

2. (3) An applicant for the Small-Lot Innovative Self-Marketer Program may be a partnership in which case each partner must qualify under subsection (4).

...

Purchase or Acquisition of Additional Placement Quota

5. (1) An entrant may purchase or acquire Placement Quota.
- (2) Entrants under the Small-Lot Innovative Self-Marketer Program are eligible to receive general allotments of new Placement Quota and are subject to general adjustments or reductions of Placement Quota, and for that purpose, such receipts, adjustments or reductions shall be calculated against the Placement Quota then allotted to the entrant.

Appendix B
Draft Red-Lined Consolidated Order

DRAFT

STRATEGIC PRIORITY 1 – REGULATORY ENHANCEMENTS

1.3 New Producer Program

Introduction and Background

The New Producer Program (NPP) is a program of the BC Broiler Hatching Egg Commission (the Commission) that contributes to the renewal and sustainability of the regulated hatching egg industry in BC. As part of an overall growth objective to meet domestic allocation demands, the Commission considered areas other than the Lower Mainland that may require domestic hatching egg supply. With a brand-new hatchery in the Interior and an aligned regionalization plan, launching new producers into the Interior makes strategic sense to support future growth in the hatching egg sector while supporting orderly marketing in the region.

In 2020, the Commission paused the NPP to consider a revamp of it, as there were several indications that the program was not functioning optimally. Hatcheries were first to note the inefficiency of picking up small quantities of eggs from the 5,000 birds allotted, as an example, and exiting NPP producers reported challenges in cash flow, financing and general inefficiencies with the smaller lot of birds provided.

The Commission noted regional diversification as a policy objective within its 2025 Strategic Plan and considered aligning the revamped NPP with a regional strategy. Under this new approach, NPP applicants would be eligible for 12,000 birds moving forward in the Interior of BC. While the program supports the Commission's regionalization policy objective, it also establishes a longer-term framework that replaces the short-term regionalization initiatives.

Key points of clarity on this initiative include the regional strategy, as well as more transparent application process and a list of criteria for all applicants to ensure they are both financially and personally prepared for broiler breeder farming. New educational resources developed provincially and nationally will assist with ensuring applicants have a clear understanding of the demands of broiler breeder farming.

This policy document outlines the process, special requirements and limitations for applicants of the NPP and provides greater detail on the application requirements.

Regulations and Current Framework

The regulations that apply to the NPP are set out in Schedule 1 of the Commission's Consolidated Order. Schedule 1 provides the Commission with the authority to restrict participation in a NPP draw to applicants who will engage in broiler breeder farming within a region identified by the Commission as warranting additional production capacity, having regard to the interests of the hatching egg sector.

In addition, Schedule 1 provides the Commission with the authority to establish, impose and announce special terms, conditions and restrictions with respect to any NPP draw, including terms, conditions, and restrictions governing continued participation in the NPP and/or the terms, conditions, and regulations regarding the allotment, purchase, suspension, cancellation, placement, or regularized quota.

Currently the Commission allots 5,000 placeable hens to be placed in 2,500 bird flocks, one per Quota Year and two per Quota Period. This quota is subject to the prevailing utilization rate and may result in

additional hens being placed. Whether or not NPP entrants meet the minimum farm size of 12,000 placeable hens, NPP continues to be tracked separately.

Updated Policy Objectives

The Commission reported in their 2024 Public Accountability and Reporting Project (PARP) the goals for the NPP were as follows:

- ❖ To perform an overall review of the New Producer Program (see Regulatory Enhancements – Quota Policy Review) as part of the strategic plan, including the viability of NPP regional diversification.
- ❖ To see development and graduation of New Producer Program entrants.

The revamped program is strategically designed to align with the Commission's 2024 reported PARP goals. With the NPP update, the Commission plans to boost domestic production elsewhere in the province, ensuring a steady and reliable supply of domestic hatching eggs, particularly in regions outside the Lower Mainland that currently depend on imported product. The Commission is committed to introducing one new producer in the Interior of British Columbia during each Quota Period to drive growth in this region.

Furthermore, enhancements in the application process will provide essential resources and information that will help identify dedicated applicants who are ready to invest in becoming long-term broiler breeder producers with a strong, sustainable foundation. Attendance at producer meetings, industry events and active participation in leadership are also essential in launching new producers, as the sector is small and requires continual development of future leaders.

New Producer Program, Proposed Updates

The Commission is proposing changes to the NPP to meet the policy objectives and target goals. The Commission has proposed significant changes to their quota policy tools. Specifically, the change involving NPP funding via quota assessment. Currently, the NPP is funded through quota sales assessments. The Commission proposes that the NPP quota pool be funded based on a portion of growth in allocation.

On an ongoing basis, the Commission will place hens into the quota pool for the NPP (and any other policy objectives), should market conditions warrant new entrants into the BC Interior. Once marketing requirements in the Interior have been met, the Commission will pause the NPP and assess the needs in other potential regions. In any event, the Commission will continue to review growth in allocation against contributions of quota to the quota pool in its annual utilization report.

The second proposed change is to increase the amount of allotted quota from 5,000 to 12,000 hens. This increase is partly due to the anticipated regional restrictions placed on NPP quota. Additionally, increasing the quota assists in efficiency and sustainability for both the hatchery and the new producer. NPP requirements still include 10/10/10, and this will continue to be tracked through the producer's quota portfolio.

Lastly, the Commission has considered changes to the application eligibility requirements. These changes make the process more robust and education-based, as current NPP producers have indicated to the Commission and staff that there is much to be understood about the hatching egg sector before broiler

breeder farming begins. Providing educational resources before barn construction is a reasonable shift for the Commission to make.

Applicant Eligibility Requirements

- a) Must establish a production unit in the prescribed region in the Interior of BC.
- b) Must have a genuine intention to be actively engaged in broiler breeder farming from a production unit that is owned by the applicant or will be owned by the applicant before the commencement of hatching egg production, conforming to all applicable requirements under the Consolidated Order and the NPP draw.
- c) Must be a Canadian citizen, or a permanent resident, in the Province of BC.
- d) Must be at least 19 years of age at the time of application.
- e) Neither the applicant, nor the spouse of the applicant, nor any co-applicant, may hold, or have held at any time, any legal or beneficial interest in quota or any similar transferable production right issued or issued by a supply management commodity board or commission in British Columbia, including any quotas, whether directly or indirectly through any organization or entity.
- f) Must be willing to produce mainstream or specialty hatching eggs.
- g) Must be able to demonstrate financial ability to establish a production unit conforming to all applicable requirements under the Consolidated Order and the NPP draw to produce hatching eggs.

Former NPP List

The Commission has a Prospective Producer List of four remaining draw winners from their previous NPP. These applicants will be interviewed by Commission staff to determine if they agree to continuing with the revamped and updated NPP. Should they confirm their participation under the revamped rules they will need to meet the application eligibility requirements outlined in section 4 and section 7 – specifically the change to the Interior quota.

When quota becomes available, the Commission will work with those applicants before initiating their next draw. Timelines for confirming application eligibility will be established for the next quota period. When the Commission is prepared to launch its next NPP applicant, these former applicants will be given 60 days to confirm their interest, followed by the established application deadlines described below.

Draw Notification

The Commission will post the notification of the commencement of the next NPP draw application process on the Commission's website, along with the NPP Policy and NPP Procedures documents. The Commission will also notify the BC Ministry of Agriculture Poultry Specialist so the notification of draw can be further disseminated.

Application Requirements

Interested applicants must submit:

- a) A completed 2025 NPP Application Form.
- b) A \$500 non-refundable application fee, payable to the “British Columbia Broiler Hatching Egg Commission” by way of cheque.
- c) A certified true copy of the applicant(s) birth certificate or other certified true copy of proof of age acceptable to the Commission.
- d) A certified true copy of the applicant(s) Canadian passport, Canadian citizenship card, or Canadian permanent resident card.
- e) A certified true copy of the applicant(s) British Columbia driver's license or British Columbia identification card.
- f) Proof, in a form satisfactory to the Commission, of the applicant(s) financial ability to establish a production unit conforming to all applicable requirements under the Consolidated Order and the NPP draw to produce hatching eggs.

Evidence of financial ability may be demonstrated by:

- A net worth statement, or
 - A net worth statement of the person(s) (private sources) providing the financing that has been signed by a professional (e.g., Chartered Professional Accountant, Certified Financial Planner, etc.).
 - The evidence of financial ability should be clearly linked to your economically viable business plan.
- g) Proof, in a form satisfactory to the Commission, that the applicant(s) has economically viable plans to sustain the production of hatching eggs, submitted in the form of a detailed business plan that must include an Operations Management section that describes in detail how the applicant will manage the day-to-day operations.

This may also include:

- Timeline to increase production and the timeline for growth.
 - Any challenges or risks the applicant foresees in their business plan, and how the applicant will address and resolve them.
- h) Proof, in a form satisfactory to the Commission, that the applicant(s) will be able to establish a production unit conforming to all applicable requirements under the Consolidated Order within a time period acceptable to the Commission.
 - This may include construction plans and/or quotes.
 - i) Proof, in a form satisfactory to the Commission, that the applicant(s) owns, or will own before the commencement of broiler breeder farming, a production unit, independent of any other supply-managed production unit, conforming to all applicable requirements under the Consolidated Order and the 2025 NPP draw.
 - This may include land title documents or real estate listings from the region in which you plan to purchase land.
 - j) The Completion of the Canadian Hatching Egg Producers AgriSkills course, link provided by Commission staff.
 - k) A signed affidavit, declaring:

- That the applicant(s) understands and agrees to be bound by and to comply with the terms and conditions of the NPP.
- That the applicant(s) do/does not object to the publication of the applicant(s) identity by the Commission.
- That the applicant(s) owns, or will own before the commencement of production, a production unit conforming to all applicable requirements under the Consolidated Order and the NPP draw.
- That neither the applicant(s), nor the spouse of the applicant, nor any co-applicant holds, or has held at any time, any legal or beneficial interest in quota or any similar transferable production right issued by a supply management commodity board or commission in British Columbia.

Application Submission

Completed applications must be submitted to the Commission office before 4:00 p.m. on the due date. Applications must be mailed or sent by courier to the Commission and marked "Attention: NPP Program Coordinator." Applications received other than by mail will not be processed.

All applications will be date stamped upon receipt, given a unique application number, and recorded in an Application Log. The Program Coordinator will then review the application to ensure that it contains all of the required documentation. The Program Coordinator will not assess the merits of each application and will not notify applicants of missing information before the application deadline.

Any application that is missing required documentation, or where the application fee was returned as NSF, will be deemed as incomplete. After the application deadline, the Program Coordinator will notify the applicant in writing that their application was withdrawn from the program. No specific details will be provided to the applicant at the time of notification.

Any applications received after the advertised program deadline, irrespective of the post-mark date on the envelope containing the application, shall not be opened and shall be returned to the applicant by the Program Coordinator with a letter indicating that the application was not received by the advertised program deadline.

Only after the application deadline will any applications containing all the required documentation be assessed.

Application Assessment

All complete applications submitted in advance of the submission deadline will be provided to the NPP Review Committee for assessment. The NPP Review Committee will be comprised of one Commission member who will also serve as chair, one Producers' Association director, and the Program Coordinator.

Upon completion of the assessment process, these applicants will receive written notice of their application status. Each non-qualifying applicant will receive a letter that provides rationale for why their application did not meet the requirements. Non-qualifying applicants will not be provided with the opportunity to submit additional information.

Draw

A random draw will be held approximately one week after the list of qualified applicants is finalized. All qualifying applicants will be invited to attend the draw, which may be held in-person or by videoconference, depending on the provincial orders that are in place at that time.

A third-party will conduct the draw (e.g., the Commission's financial auditor). The auditor will ensure that all qualifying applicants are placed into the draw and that the draw is conducted fairly. Five names will be drawn.

After the draw is held, as quota becomes available and when market conditions exist, the selected applicants will receive their letter of invitation to the NPP in the order as drawn. Failure of a selected applicant to place their flock within a reasonable timeframe, as determined by their business plan, will result in forfeiture of their opportunity for NPP Quota, and removal from the program.

The Program Coordinator will be responsible for ensuring that the following reporting is completed promptly:

- 1) Throughout the application process, the Commission will receive regular reports at the scheduled board meetings regarding the number of applications received (complete and incomplete) as well as a summary of the frequently asked questions from applicants and any concerns that have been raised.
- 2) A summary of applications will be posted on the Commission's website and provided to the NPP Committee within one week of the application deadline. It will include the total number of complete and incomplete applications.
- 3) After the NPP Review Committee has met and assessed the applications, the Commission will receive a detailed report on the applicants, and the reasons why non-qualifying applicants did not qualify.
- 4) A summary of qualifying and non-qualifying applications will be posted on the Commission's website and provided to the Commission within one week of the application review completion.
- 5) The Commission will review, for approval, the final list of qualifying applicants whose non-refundable application fees were received and successfully deposited.
- 6) A final report will be completed within 30 days of the random draw summarizing the process, including any concerns that arose and recommendations for improvement on the process.

New Producer Program Coordinator

The Program Coordinator will be responsible for the following:

- Ensure the NPP procedures are followed as outlined in this document.
- Complete all reports and recommendations as outlined in the procedures document.
- Receive applications and screen all applications to determine if they meet the eligibility requirements.
- Respond to and manage all correspondence and enquiries associated with the delivery of the NPP. The Program Coordinator must not assist prospective applicants in any way in the preparation of their applications nor provide any information other than what is publicly available for the NPP.
- Recommend to the Commission nominees for a NPP Review Committee.
- Administer the NPP Review Committee and provide support and oversight of the conduct of the Committee members in their application of the policies and procedures associated with the review of applications to ensure compliance with program rules.
- Follow-up with applicants as directed by the Commission.

Consultation

September 16, 2025 – BCBHEC Producers' Meeting (high-level)

December 19, 2025 – Consultation period opens; documents distributed

Roundtables TBC – BCBHEPA; BCEHA; PPAC; Producers; BCCMB; BCCGA

February 6, 2026 – Consultation period closes

February 17, 2026 – Board meeting; responses considered; decision

Strategic Priority 3: Regional Diversification

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1. Policy Objective

The BC Broiler Hatching Egg Commission (the Commission) has conducted a comprehensive evaluation of the potential benefits and challenges of expanding production into the Interior region of the province. Establishing production in the Interior will ensure a steady supply of domestic chicks for Interior growers, reduce the risks linked to the density in the Fraser Valley, and seize new opportunities for sectoral growth in other regions.

This initiative strengthens our sector by utilizing the use of new hatchery infrastructure and promotes sustainable regional development. It also provides succession opportunities for established producers while fostering a community of producers positioned to mentor and support new entrants.

2. Background

In 2023, the Commission integrated Regional Diversification into our strategic plan, laying a strong foundation for future development. The Commission has since conducted and participated in multiple stakeholder meetings to gather ideas, explore possibilities, and seek feedback.

Current hatching egg producers were informed of this initiative through the strategic planning process and producer meetings. Additional interested parties were notified via the Commission's website, and others who expressed interest through emails or phone calls were also included in the meeting invitations.

Engagement with interested parties remains a key priority, and the Commission has received substantive proposals and expressions of interest. This initiative aligns closely with the revitalization of the New Producer Program (NPP), positioning both programs for long-term success.

Consultation with interested parties:

March 30, 2023 – Commission representative attended Interior Growers' meeting.

May 9, 2024 – Commission representative attended Interior Growers' meeting.

February 20, 2025 – Regional Diversification Meeting with interested parties.

May 27, 2025 – Commission representatives met with two interested parties in Armstrong and Vernon.

June 24, 2025 – Regional Diversification Meeting with interested parties.

August 1, 2025 – Regional Diversification follow-up package distributed.

3. Considerations / Deliberations

The Commission maintains a quota pool historically reserved for funding the NPP. By allocating quota from the pool to both the Regional Diversification and NPP, and by establishing a regional quota category for the Interior, the Commission can create strong incentives that drive growth while ensuring sustainable development.

The redesigned NPP will specifically target new production in the Interior region, supporting both prospective producers and long-term regional expansion.

4. Interior Long-term Planning

The Commission aims to establish a producer in the Interior by the start of the next Quota Period July 1, 2027. Given the current broiler market conditions, the sector can sustain approximately 200,000 placed hens if aligning quota to market share. The Commission must ensure that total production does not exceed demand when reviewing potential quota sales.

Other long-term consideration include:

- Interior hatcheries currently lack egg trucks, requiring further investment.
- Veterinary services, vaccination crews, and access to breaker facilities may involve additional travel costs.
- These service gaps mirror those faced by other sectors that successfully expanded into new regions; therefore, producers must ensure their business plans account for increased costs associated with service travel.

5. Incentive Program for Regional Development

The Commission will allocate placed hens from the quota pool to create a regional quota category specifically for the Interior region.

Interested producers must submit comprehensive business plans (i.e., applications) outlining:

- Aggressive timelines for construction and equipment installation.
- Confirmation of lender approval demonstrating financial capacity.
- Commitment to acquiring or moving quota to reach the minimum farm size of 12,000 birds.
- Adherence to the Consolidated Order; ensuring compliance with regulatory and operational standards.

Producers who meet these prerequisites and have the appropriate space, as verified by staff through the Animal Care Program, will be eligible to receive up to 12,000 birds under the regional incentive program.

Additionally, current NPP producers who have not yet met minimum farm size will receive an incentive of 7,000 placeable hens if they move their existing 5,000 NPP birds into the Interior (see section 7).

Acting on this incentive, it is reiterated that the regional quota, inclusive of incentive quota, can only be sold to another party located within the Interior region. All other quota assessment criteria will apply to the sale. The Commission's short-term objective is to establish two independent production units within the next Quota Period.

6. Cap and Limitations

The Commission proposes to restrict, or cap, incentive quota birds to 12,000 per premise for quota moved into or purchased within the Interior.



7. Production Planning and OFS Implications

Feedback was received from one Interior hatchery indicating that an ideal, initial throughput level is approximately 450 cases per week (equivalent to approximately 120,000 birds). If launching two producers with 24,000 quota hens each, that would provide a strong starting point, with four flocks evenly spaced to ensure an optimal and consistent egg flow.

2027-2028 Year 1

12,000 placed hens - legacy quota

12,000 incentive quota

= 24,000 birds into the Interior

* Possible 12,000 current NPP movement

Year 1: 24,000 birds in the Interior.

2027-2028 Year 2

12,000 placed hens - legacy quota

12,000 incentive quota

= 24,000 birds into the Interior

* Possible 12,000 current NPP movement

Year 2: 48,000 birds in the Interior.

8. Applicant Eligibility Requirements

- a) Must be a Canadian citizen, or a permanent resident, in the Province of BC.
- b) Must be at least 19 years of age at the time of application.
- c) Must be in, or planning to be in, production in the Interior of BC.
- d) Must have a genuine intention to be actively engaged in broiler breeder farming from a production unit that is owned by the applicant or will be owned by the applicant before the commencement of hatching egg production, conforming to all applicable requirements under the Consolidated Order.
- e) Proof, in a form satisfactory to the Commission, of the applicant(s) financial ability to establish a production unit conforming to all applicable requirements under the Consolidated Order.
Evidence of financial ability may be demonstrated by:
 - A net worth statement, or
 - A net worth statement of the person(s) (private sources) providing the financing that has been signed by a professional (e.g., Chartered Professional Accountant, Certified Financial Planner, etc.).
 - The evidence of financial ability should be clearly linked to your economically viable business plan.
- f) The completion of the AgriSkills course, link provided by staff. Current hatching egg producers are exempt from this requirement.

9. Application Assessment

All complete applications submitted before the deadline will be reviewed by the Commission staff. Upon completion of the review process, all applicants will receive written notice of their application status.

- Non-qualifying applicants will receive written notice explaining the reasons their application did not meet program requirements. They may be provided an opportunity to submit additional information.
- Qualifying applicants will receive a written confirmation that they meet the program requirements and will be now required to work with staff to complete production planning and establish timelines for their start date.

10. Pending Decision

To support the development and success of Regional Diversification, the Commission looks to approve the Regional Diversification Incentive Program for two qualified and approved producers establishing production in the Interior of BC in the 2027/2028 quota period.

11. Consultation

September 16, 2025 – BCBHEC Producers' Meeting (high-level)

December 19, 2025 – Consultation period opens; documents distributed

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