

# Performance and Reporting Project

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BC BROILER HATCHING EGG COMMISSION  
180 - 32160 SOUTH FRASER WAY, ABBOTSFORD, BC V2T 1W5

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# QUOTA MANAGEMENT AND MOVEMENT

## Accordance with Quota Management Principles

This report on quota management and movement has been prepared by the British Columbia Broiler Hatching Egg Commission (“Commission”) in response to BCFIRB’s letter dated August 15, 2018 regarding the Public Accountability and Reporting Project.

The Commission’s Consolidated Order, policies, procedures and decisions are issued in accordance with legislation, regulations, formal agreements and BCFIRB decisions and directions, and all are supported by SAFETI analyses.

The most recent regulated sector-wide BCFIRB decision, Quota Assessment Tools Supervisory Review, was made on February 2, 2018, with subsequent clarification letters.

BCFIRB also delivered its decision on the Asian Breeder Producers Supervisory Review on July 17, 2018.

## 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

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

The Strategic Plan includes two key initiatives specific to quota management: Managing Growth and Production Challenges, and Asian Breeders / Speciality. Both initiatives have certain elements that overlap and will require significant time and resources to achieve.

The Managing Growth and Production Challenges key initiative includes reviewing the status of implementation of the Hatching Egg Reporting System (software), regional diversification, “80/20”, and the quota tools. The Commission’s current quota management policies remain in place until such time that a comprehensive review with appropriate stakeholder participation is completed. The review must be made in the context of the Quota Assessment Tools Supervisory Review decision rendered by BCFIRB on February 2, 2018 and subsequent clarification letters.

The Asian Breeder section will require, amongst other things, the continued implementation of the July 17, 2018 Supervisory Review decision. Action items will include:

- Completion of the Amending Order;
- Hatchery licensing and reporting;
- Permit Application Process development;
- Reviewing Asian breeder representation;

- Separating allocation for Asian Breeder / Specialty markets at the national level; and
- Revisiting available regulatory tools.

Appropriate work action plans have been developed to address these key initiatives.

### Industry Structure

The broiler hatching egg industry quota system is a hen-based quota system. One quota unit is equal to one placeable broiler breeder hen. There is a total of 1,766,182 quota units spread over a two-year cycle. 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.

#### *Quota, Size, Region and Product Classifications*

Quota Classifications	Description
Mainstream	Mainstream Placement Quota in use
New Producer Program (NPP)	New Producer Program (Mainstream) in use

Table 1

NPP reported is quota issued from the pool. New entrants may hold both NPP and Mainstream quota.

Size Classifications	Quota Hens
Small	Less than 25,000 quota hens per cycle
Medium	25,000 to 49,999 quota hens per cycle
Large	Greater than 50,000 quota hens per cycle

Table 2

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

Region Classifications	Geographic Boundaries
Lower Mainland	Fraser Valley, Metro Vancouver (Hope to Vancouver)
Vancouver Island	Vancouver Island and Gulf Islands
Interior	Interior BC (north and east of Fraser Valley and Vancouver)

Table 3

All producers are currently located in the Lower Mainland. There is limited broiler production on Vancouver Island, and there is no local hatching egg production or hatchery. There is approximately 13% of broiler production located in the Interior, along with two hatcheries. Regional diversification is identified within the 2019 Strategic Plan with a primary focus on the Interior.

Product Classifications	Breed
Mainstream	White Plymouth Rock
Asian Breeder / Specialty	Silkie, Taiwanese (as identified in Canadian Chicken Licensing Regulations (SOR/2002-22), Schedule 4)

Table 4

The Commission has begun collecting Asian Breeder / Specialty production data as of January 1, 2019. 2018 data is unavailable and is shown as “n/a” in the following tables.

*Total Farm Operations & Total Quota Allocated*

**By Type - Established and New Entrant Producers**

Date	Established		New Entrant*		Total	
	# Producers	Quota	# Producers	Quota	# Producers	Quota
January 1, 2018	48	1,742,055	3	15,000	51	1,757,055
December 31, 2018	48	1,716,465	6	44,000	54	1,760,465

Table 5

\*New entrants through the New Producer Program, succession planning or purchased quota. See *New Entrants* section (Table 20) for further breakdown.

**By Size**

Date	Size	# Producers	Quota (In Use)		
			Mainstream	NPP	Total
January 1, 2018	Small	14	186,355	25,000	211,355
	Medium	28	980,486	0	980,486
	Large	9	565,214	0	565,214
	Total	51	1,732,055	25,000	1,757,055

Table 6

Date	Size	# Producers	Quota (In Use)		
			Mainstream	NPP	Total
December 31, 2018	Small	19	249,765	30,000	279,765
	Medium	27	965,486	0	965,486
	Large	8	515,214	0	515,214
	Total	54	1,730,465	30,000	1,760,465

Table 7

**By Region**

Date	Region	# Producers	Quota (In Use)		
			Mainstream	NPP	Total
January 1, 2018	Lower Mainland	51	1,732,055	25,000	1,757,055
	Vancouver Island	0	0	0	0
	Interior	0	0	0	0
	Total	51	1,732,055	25,000	1,757,055

Table 8

Date	Region	# Producers	Quota (In Use)		
			Mainstream	NPP	Total
December 31, 2018	Lower Mainland	54	1,730,465	30,000	1,760,465
	Vancouver Island	0	0	0	0
	Interior	0	0	0	0
	Total	54	1,730,465	30,000	1,760,465

Table 9

## By Product

Date	Product	# Producers	Quota (In Use)		
			Mainstream	NPP	Total
January 1, 2018	Mainstream	51	1,732,055	25,000	1,757,055
	Asian Breeder	n/a	n/a	n/a	n/a
	Other	n/a	n/a	n/a	n/a
	Total	51	1,732,055	25,000	1,757,055

Table 10

Date	Product	# Producers	Quota (In Use)		
			Mainstream	NPP	Total
December 31, 2018	Mainstream	54	1,730,465	30,000	1,760,465
	Asian Breeder	n/a	n/a	n/a	n/a
	Other	n/a	n/a	n/a	n/a
	Total	54	1,730,465	30,000	1,760,465

Table 11

## *Production*

Volume is based on hatching egg pickups from the farm from January 1 to December 31, 2018.

## By Type

Type	Volume (Hatching Eggs)	Percentage
Established	117,730,148	98.8%
New Entrant	1,403,223	1.2%
Total	119,133,371	100.0%

Table 12

## By Size

Size	Volume (Hatching Eggs)	Percentage
Small	18,136,243	15.2%
Medium	64,606,171	54.3%
Large	36,390,958	30.5%
Total	119,133,372	100.0%

Table 13

## By Region

Region	Volume (Hatching Eggs)	Percentage
Lower Mainland	119,133,372	100.0%
Vancouver Island	0	0.0%
Interior	0	0.0%
Total	119,133,372	100.0%

Table 14

## By Product

Product	Volume (Hatching Eggs)	Percentage
Mainstream	119,133,372	100.0%
Asian Breeder	n/a	0.0%
Other	n/a	0.0%
<b>Total</b>	<b>119,133,372</b>	<b>100.0%</b>

Table 15

## *Growth*

No growth quota was allotted in the year.

Utilization was adjusted to 100% for placements beginning on or after July 1, 2017, and to 106% for placements beginning on or after July 1, 2018. Utilization is a tool to match domestic allocation – demand – issued by Canadian Hatching Egg Producers (CHEP) with a supply of domestic hatching eggs for British Columbia. Utilization can move up and down and may exceed 100% at times.

## *Retraction*

No quota was retracted in the year other than through assessments (Tables 16-19).

## *Quota Movement*

### By Type of Producer

Transaction	Established	New Entrant	Total
January 1, 2018	1,742,055	15,000	1,757,055
Purchased	201,793	24,000	225,793
Sold – Transfer Assessment Exempt	(193,993)	0	(193,993)
Sold – with Transfer Assessment	(31,800)	0	(31,800)
Transfer Assessment (Pooled)	(1,590)	0	(1,590)
Allotted (from Pool)	0	5,000	5,000
Established New Entrants	0	0	0
December 31, 2018	1,716,465	44,000	1,760,465

Table 16

### By Type of Quota

Transaction	Mainstream	New Producer Program	Total
January 1, 2018	1,732,055	25,000	1,757,055
Purchased	225,793	0	225,793
Sold – Transfer Assessment Exempt	(193,993)	0	(193,993)
Sold – with Transfer Assessment	(31,800)	0	(31,800)
Transfer Assessment (Pooled)	(1,590)	0	(1,590)
Allotted (from Pool)	0	5,000	5,000
December 31, 2018	1,730,465	30,000	1,760,465

Table 17

### By Size of Producer

Transaction	Small	Medium	Large	Total
January 1, 2018	211,355	980,486	565,214	1,757,055
Purchased – from Small	1,000	3,500	0	4,500
Purchased – from Medium	24,800	73,628	0	98,428
Purchased – from Large	2,000	0	120,865	122,865
Sold – to Small	(1,000)	(24,800)	(2,000)	(27,800)
Sold – to Medium	(3,500)	(73,628)	0	(77,128)
Sold – to Large	0	0	(120,865)	(120,865)
Transfer Assessment (Pooled)	(225)	(1,265)	(100)	(1,590)
Allotted (from Pool)	5,000	0	0	5,000
Net Reclassification Due to Transfers	40,335	7,565	(47,900)	0
December 31, 2018	279,765	965,486	515,214	1,760,465

Table 18

### By Location of Producer

Transaction	Lower Mainland	Vancouver Island	Interior	Total
January 1, 2018	1,757,055	0	0	1,757,055
Purchased – from Lower Mainland	225,793	0	0	225,793
Purchased – from Vancouver Island	0	0	0	0
Purchased – from Interior	0	0	0	0
Sold – to Lower Mainland	(225,793)	0	0	(225,793)
Sold – to Vancouver Island	0	0	0	0
Sold – to Interior	0	0	0	0
Transfer Assessment (Pooled)	(1,590)	0	0	(1,590)
Allotted (from Pool)	5,000	0	0	5,000
Net Reclassification Due to Relocation	0	0	0	0
December 31, 2018	1,760,465	0	0	1,760,465

Table 19

### New Entrants

New entrants entered the hatching egg industry in 2018 as follows:

Pathways	# Producers	Quota
<b>Entry:</b>		
New Producer Program Entrant	1	5,000
Succession Planning	0	0
Purchased Quota	2	24,000
<b>Graduation / Reclassification:</b>		
New Producer Program – Farm at Minimum Size	0	0
New Producer Program – Length of Experience (10 Years)	0	0
Length of Experience† (Succession Planning/Purchased Quota)	0	0
<b>Exit:</b>		
Quota Sale – Transfer Assessment Exempt	0	0
Quota Sale – with Transfer Assessment	0	0
<b>Net Change</b>	<b>3</b>	<b>29,000</b>

Table 20

† Length of experience varies based on entry pathway.

### Small Lot / Permit Production

No small lot, self-marketed or permit production in the year. See further comments on permit production, including developments in the Asian Breeder / Speciality market, under *Quota Management Supports Delivery of Ministry Policy (Regulated Marketing Economic Policy 2004) – Specialty and Niche Markets*.

### Hatching Capacity

There are currently 11 licensed hatcheries in British Columbia.

#### By License

Provincial Licenses	Federal Licenses (CHEP)
11	10

Table 21

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 are on an annual basis.

#### By Region

Region	# Hatcheries
Lower Mainland	9
Vancouver Island	0
Interior	2
<b>Total</b>	<b>11</b>

Table 22

### By Size

Throughput of Eggs and Egg Equivalents (Import Broiler Chicks)	# Hatcheries
< 12.50% of market	8
12.50% to 24.99% of market	1
> 25.00% of market	2
<b>Total</b>	<b>11</b>

Table 23

### By General Product Type/Area of Business

Throughput Type (for Placement or Custom Hatch)	# Hatcheries
Mainstream only	7
Asian Breeder / Specialty only	0
Both Mainstream & Asian Breeder	4
<b>Total</b>	<b>11</b>

Table 24

### *Quota Price*

The Commission does not run a quota exchange; rather, a Quota Billboard. The Quota Billboard and related FAQs 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.

## Producer Engagement and Commitment to the Industry

### *Leased Quota*

#### Average Leased Quota for Cycle

Group	# Producers	Leased Quota†	Total Quota	Total Placeable	% of Placeable
<b>Lessors</b>	13	21,896	501,287	516,325	4.2%
<b>Industry</b>	55	21,896	1,758,760	1,811,521	1.2%

Table 25

† Confirmed leases to January 24, 2019.

- Quota cycle: July 1, 2017 to June 30, 2019 (2 years).
- 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 2017 and 2018.
- 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 annually by the board.

### *Industry Exits*

Industry exits are considered exits through sales or surrender of quota that result in no further quota being held in the industry. Reclassification or graduation from new entrant status, whether through the New Producer Program, succession planning or purchased quota, is not considered an exit.

#### Exits of Established Producers – January 1 to December 31, 2018

<b>Within 5 Years of Entering</b>	<b>Between 5 and 10 Years of Entering</b>	<b>In Industry 10 + Years</b>	<b>Total</b>
0	0	0	0

Table 26

Note: New entrants by way of succession planning or purchased quota may be considered established producers before 10 years in the industry.

#### Exits of New Entrants – New Producer Program Only – January 1 to December 31, 2018

<b>Within 5 Years of Entering</b>	<b>Between 5 and 10 Years of Entering</b>	<b>Total</b>
0	0	0

Table 27

Note: New entrants that entered via the New Producer Program at 10 years are considered as established producers.

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

#### *Specialty and Niche Markets*

In addressing the specialty and niche markets, the Commission is developing a temporary quota-based system that covers producers of Asian breeders and hatching eggs.

This system will include transferable temporary quota permits and include mandatory reporting by licensed hatcheries of any specialty or niche markets. Such reporting will allow the Commission to identify any emerging trends, as well as establish baseline information on current specialty and niche markets.

### Provincial Share of National Allocation

#### Canadian Hatching Egg Producers – 2018 Final Allocation

##### Allocation – Hatching Eggs

Province	Mainstream	Asian Breeder / Specialty	Total
British Columbia	123,816,208	0	123,816,208
Alberta	82,643,495	0	82,643,495
Saskatchewan	32,958,019	0	32,958,019
Manitoba	37,218,364	0	37,218,364
Ontario	251,931,883	0	251,931,883
Québec	207,021,801	0	207,021,801
Nova Scotia	26,248,040	0	26,248,040
NB / PEI / NL	32,128,076	0	32,128,076
<b>Total</b>	<b>793,965,886</b>	<b>0</b>	<b>793,965,886</b>

Table 28

##### Market Share – Hatching Eggs Allocation

Province	Mainstream	Asian Breeder / Specialty	Total
British Columbia	15.6%	n/a	15.6%
Alberta	10.4%	n/a	10.4%
Saskatchewan	4.2%	n/a	4.2%
Manitoba	4.7%	n/a	4.7%
Ontario	31.7%	n/a	31.7%
Québec	26.1%	n/a	26.1%
Nova Scotia	3.3%	n/a	3.3%
NB / PEI / NL	4.0%	n/a	4.0%
<b>Total</b>	<b>100.0%</b>	<b>n/a</b>	<b>100.0%</b>

Table 29

##### Market Share – Chicken Production‡

Province	Market Share
British Columbia	14.6%
Alberta	9.7%
Saskatchewan	3.6%
Manitoba	4.1%
Ontario	33.7%
Québec	26.8%
Nova Scotia	3.3%
NB / PEI / NL	4.2%
<b>Total</b>	<b>100.0%</b>

Table 30

‡ 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 market share (Table 30) translates to 15.6% of hatching egg allocation (Table 29)).

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

The Commission estimates, based on reporting to the Commission and BC Chicken Marketing Board, the percentage volume of placements that relate to Asian Breeders / Specialty and deducts this percentage off the BC allocation provided by CHEP to arrive at the mainstream allocation target. The percentage in 2018 was approximately 3.0%.

It is anticipated through increased reporting from hatcheries on Asian Breeder placements and production that the market share will be further refined.

#### *Exported Product and Import Volume Supplementals*

No hatching egg product was exported in the year.

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

## Governance Measures

### **Board Governance - General**

#### *Areas of Accomplishment*

Each year, an election is held to replace a board member whose term has expired. It is carried out in accordance with the Commission's Election Rules and Procedures, thereby meeting regulatory requirements and BCFIRB expectations.

Every three years, the Commission's election rules and policies are reviewed, updated and submitted to BCFIRB for approval. The next review is occurring in 2019.

The Commission consists of an appointed Chair and four elected producer members.

Upon election, there is a comprehensive board member orientation package inclusive of a Code of Conduct that is reviewed. This package consists of legal, regulatory and policy frameworks and the SAFETI governance principles. Chair and board member performance surveys are conducted periodically, including in May 2018.

There are monetary resources and opportunity for both staff and Commission members for professional development inclusive of director responsibilities. Additionally, Commission members and staff have participated in emergency response and media training. Commission members and staff routinely attend COGA sessions.

Commission members review the Strategic Plan annually, examining both short-term goals for the next year and the strategic vision of the hatching egg sector extending into the next five years.

An Annual Report consisting of the financial health of the hatching egg sector and, more recently, the management of hatching egg quota, is generated in time for the Commission's Annual General Meeting in March each year.

The Commission's Consolidated Order is published on its website and updated every two to three years, depending on changes required.

Stakeholders can review up-to-date information on the Consolidated Order and other supporting documentation on the Commission's website.

#### *Areas in Development*

The Commission does not currently post its governance policies to the website but is reviewing this as part of a larger initiative regarding professional development and education for Commission members, Association directors, and producers in general.

### **Financial Responsibility and Accountability**

#### *Areas of Accomplishment*

The Commission reviews all financial reports at its monthly board meetings.

Audited annual financial statements are presented in the Commission's comprehensive Annual Report and at the Annual General Meeting where stakeholders can engage with both the Commission and staff on those reports.

Auditors are appointed in accordance with BC Broiler Hatching Egg Scheme requirements which state:

*"5 (2) The registered producers present at the general meeting  
(a) shall elect a person who meets the requirements of section 42 of the Society Act, as auditor, for the purpose of auditing the books of account and affairs of the commission, and  
(b) determine the remuneration to be paid from time to time to the chairman and members of the commission out of the revenues of the commission."*

Accounting practices are in accordance with legislation, regulations, published standards and stakeholder expectations.

The Commission has established and maintained appropriate financial accountabilities with the BC Broiler Hatching Egg Producers' Association and, by extension, the BC Poultry Association. The Commission is satisfied that these expenses are legally authorized and consistent with sound marketing principles.

#### *Areas in Development*

None to report at this time.

## **Stakeholder / Producer Consultation and Involvement**

### *Areas of Accomplishment:*

The Commission has had ongoing success with stakeholder / producer consultation and involvement.

Consultations take place through the process of quarterly large and small group producer meetings, monthly hatchery meetings, monthly newsletters, PPAC meetings approximately every six weeks, and the rotation of a BCBHEPA Director at quarterly Commission meetings. The Commission conducted two stakeholder surveys in 2018 regarding its strategic planning priorities.

The Commission and its staff ensure stakeholders are kept apprised of issues affecting the sector and of upcoming decisions and timelines by posting and circulating all Work Action Plans, and by including key stakeholders in each Work Action Plan format so they will directly receive correspondence as it is sent out.

The Commission's website ([bcbhec.com](http://bcbhec.com)) is up-to-date on all key initiatives.

The Commission circulates and posts key decisions with a SAFETI analysis to the stakeholders and producers, and Commission minutes are submitted to BCFIRB monthly.

The Commission has not had an appeal since March 2016.

### *Areas in Development*

The Commission is currently reviewing and updating its Orientation Program for new members. Inclusive of this review is an in-depth analysis of conflict of interest and decision-making protocols.

## **Industry Performance Targets**

Currently in progress and will be reported on in the 2019 Annual Report:

1. COP Update and Linkage Review and Pricing (Critical Initiative for 2019).
2. Animal Care Program - Work Action Plan developed, inclusive of performance targets.
3. Spiking Male Program - Work Action Plan developed, inclusive of performance targets.
4. Asian Breeders – Work Action Plan - In progress.
5. Managing Growth – Work Action Plan developed, inclusive of performance targets.

Work Action Plans are posted to the Commission's website at <https://bcbhec.com/news/>

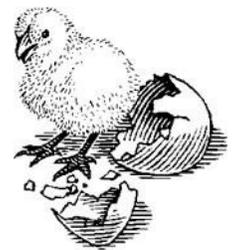
### **2019 Strategic Plan**

The following is an excerpt from our 2019 Strategic Plan, as posted on our website at:

<https://bcbhec.com/wp-content/uploads/2019/01/2019-Strategic-Plan.pdf>

## 2019 Strategic Plan - Overarching Priorities for the Next 3 to 5 Years

1. **Minimize Relation Dependency for Efficient Transactions:**
  - Hatchery Reporting Initiative (Software)
  - Hatchery Margin
  - Quota Task Force
  - Pricing
  - Input Costs
2. **Research/Development and Innovation:**
  - Spiking Males
  - Animal Care
  - Disease Management Strategy
  - Environmental
  - Farm Practices
3. **Manage Effective Government Relationships:**
  - Board Election/Composition
  - Social Media
  - Monitor Trade Negotiations
  - PARP
  - Communication
4. **Manage Effective Joint Marketing Board Relationships:**
  - BCCMB (New Building, COP/ Linkage, Information Sharing)
  - BCPA
  - COMB/COGA
  - DEPI
5. **Develop a Comprehensive Marketing Model:**
  - Regional Diversification
  - Asian Breeders
  - Quota Management Policies
  - New Producer Program
  - Managing Growth (Production)
  - Industry Efficiencies
  - Western/National Approach



### 2018 Annual Report

For a comprehensive review of the BC Broiler Hatching Egg Commission, the 2018 Annual Report is posted on the Commission's website at: <https://bcbhec.com/wp-content/uploads/2019/03/2018-ANNUAL-REPORT.pdf>

# **ADDENDUM**



September 20, 2019

**DELIVERED BY EMAIL**

Al Sakalauskas, Vice Chair  
BC Farm Industry Review Board  
PO Box 9129 Stn Prov Govt  
Victoria BC V8W 9B5

Dear Mr. Sakalauskas:

**RE: PUBLIC ACCOUNTABILITY AND REPORTING PROJECT (PARP)  
CONFIDENTIAL DRAFT PUBLIC SUMMARY PARP REPORT**

The BC Broiler Hatching Egg Commission appreciates the opportunity to comment on the draft PARP report attached to the August 30, 2019 letter of the BC Farm Industry Review Board (BCFIRB).

The Commission fully supports the principles underlying the PARP project. As agencies established and operating under public legislation, it is incumbent upon us to be – and seen to be – accountable to the public. Our comments are as follows:

*Introductory Comments (Page One)*

Should there be a new third paragraph (or reworked second paragraph) that provides a bit more information on the boards? This information is provided on page two in the 'Guide to the Reader' but perhaps add a little more in the Introductory Comments to introduce the boards and regulatory framework.

Although it is the responsibility of BCFIRB to "ensure orderly marketing", it is also the responsibility of the boards in the first instance.

In the third paragraph, the wording after "BCFIRB asked" leaves the reader with the impression that the boards did not "publicly and annually" report on their quota policies and rules. What BCFIRB has asked the boards is to expand their current annual and other reporting through an additional reporting process. It is not until the second to last paragraph on page three where it is clear the intent is to improve, rather than establish, reporting.

Similarly, the fourth paragraph should be clear that boards already had sector performance targets (e.g., in strategic plans). Although some measures regarding governance and quota management are new and some new criteria has been developed, the reader should not be left with the impression that the boards as first instance regulators of their sectors did not have performance targets for those sectors.

*Guide to the Reader (Page Three)*

*Sector Performance Targets*

The boards also believe in "clear sector performance targets" and many are, and have been in place historically.

### *Quota Management and Movement*

Again, the current wording leaves the impression that the boards had no quota data and statistics. While the Commission does recognize that improvement was required and new information and analysis were necessary, much of that information existed already (including publicly).

### *PARP Summary Report 2019*

The Commission is concerned that the current wording about "informed decision making" may lead to persons relying solely on the PARP report (BCFIRB's or a board's) for their decision-making. In terms of viewing reports, agri-food members should be reading the strategic plans, annual reports, newsletters and other documents available on board websites for more up-to-date and comprehensive information on current issues in a sector. In practice, it is always advisable for persons to consult directly with the regulatory authority concerned before making decisions. You often see this type of caution mentioned in other types of public reports.

### *Sector Performance Targets (Page Four)*

This section is misleading for the reasons outlined earlier.

Sector Performance Targets should be and are established by boards in their strategic planning. These may change from time-to-time as regulators assess and re-assess the status of their sector. While recognizing that BCFIRB may seek and require clarification and explanation, the Commission is not sure BCFIRB wishes to be perceived as determining sector performance targets.

In the third paragraph, BCFIRB could remind readers to also review annual reports and other material for more complete information on the boards.

### *BC Broiler Hatching Egg Commission (Page Five)*

To stay at a high level under 'Regulation of Asian Breeders', the Commission recommends deleting the second and third sentences and replacing them with the following wording extracted from the July 17, 2017 BCFIB decision:

The Commission has included the Asian hatching egg sector as part of its strategic planning as of 2018. The Commission will revisit the question of regulatory tools appropriate to this sector by fall 2019.

Although the PARP is for 2018, for completeness it may be useful to add a short note in this section (and as proposed later in the PARP, some statistics on Asian breeder specialty production (even though not quota as of 2018)):

Note: Temporary chick-based quota was issued to the six Asian breeder producers in 2019 in the amount of 4.5 million chicks.

Under 'Manage growth of the hatching egg sector', the Commission recommends it concludes like this, "...and individual producers to modernize and restructure." Actual growth has slowed for a variety of reasons. As the last sentence conflates the actual growth to date with the quota policy review (timeline still pending), we recommend leaving it out.

### *Governance (Page 13)*

This is misleading as many governance measures were in place in BCFIRB's supervisory capacity and by the boards themselves.

*Table One - Governance Tools and Practice (Page 14)*

Although it seems BCFIRB is trying to make the distinction, it is not clear in our case. For example, the Commission does have up-to-date rules, operation policies and governance policies but does not have them on our website. There is a substantive difference in weight between those two measures.

*Table Two - Financial Accountability (Page 15)*

Similarly, the Commission does have comprehensive internal financial policies and controls in place, even though they may not be published on our website.

*Table Four - Decision Making (Page 16)*

Although they are being reviewed, the Commission does currently have quorum and management of conflict of interest procedures in its Governance Manual.

*Quota Management and Movement (Page 18)*

In the first bullet, it might be better to use wording out of one of the Schemes to express this point as a general lead in. Something such as, "boards establish, allot, alter, suspend or cancel quotas, to which no monetary value is attached by the boards." This also makes clear that boards retain control of quota.

The Commission confirms here that the statistics in the PARP related to the broiler hatching egg sector are correct.

*(Page 21)*

Should "new entrants" in the first bullet be defined as those entering via defined new entrant programs, and those entering the industry via succession acquisition of quota or other. For example, in Appendix One on page 31, the type of new entrant is specified. In future, this could also help judge the viability of new entrant programs and the level of interest in investing in an industry without incentive quota.

*(Page 22)*

As mentioned earlier, Asian breeders are part of the hatching egg sector but were not issued (temporary) quota until 2019. Noting as 0% does not give a complete picture of the sector in 2018. Change the 0% to NR (not reported) or include a note like that proposed on page five?

*(Page 24)*

Recommend that there only be one bullet under the Commission that reads as follows:

- Production targets were met for 2018, and planning for hatching quota utilization to exceed 100% for 2019.

*(Page 25)*

There was a total of 16 transfers, including business reorganizations (e.g. share reorganization, transfer to corporation) and New Producer program distribution.

The note regarding transfers is perhaps not necessary (and a little misleading) as it is already stated there are no licensed producers outside the Lower Mainland.

*Conclusion (Page 27)*

As per previous comments, reference to sector performance targets in the second and sixth paragraphs should be adjusted to place ownership of those targets on the boards as the first instance regulators of their sectors.

*References (Page 28)*

Further to previous comments, perhaps links to board websites for more complete information should be included.

*Appendix One (Page 30)*

Suggest that some information regarding Asian breeder specialty production be included as per page five (and for page 31 below).

There are 11 provincially licensed hatcheries in BC, 10 of which are also federally licensed.

*(Page 31)*

It may be useful to include a short note that there are six Asian breeder producers in production, but quota not issued until 4.5 million chicks of temporary quota issued in 2019. It should also be noted that mainstream quota (breeding hen) and Asian breeder (temporary) quota (chicks) types are different.

BCFIRB may be trying to stick with common terminology here but even though it serves a similar purpose, technically the Commission has a quota "billboard" versus a quota "exchange".

Thank you again for providing the Commission this opportunity to review the draft PARP report. We appreciate the amount of time and resources it has required of BCFIRB - and the boards - to complete this additional reporting. We look forward to examining ways to improve and streamline future reporting – such as a common fill-in-the-blanks templates – to ensure it remains administratively efficient and, most importantly, meaningful and useful in the context of all the issues and activities for which the boards are responsible.

Yours truly,

A handwritten signature in black ink, appearing to read "J. Collins".

Jim Collins, Chair  
BC Broiler Hatching Egg Commission

cc: Chairs and Executive Directors, BC Commodity Boards and Commissions