



October 3, 2013

File: 44200-20/BHEC SPECIALTY

DELIVERED BY EMAIL

Stephanie Nelson
General Manager
BC Broiler Hatching Egg Commission
180 – 32160 South Fraser Way
Abbotsford BC V2T 1W5

Dear Ms. Nelson:

REGULATION OF THE SPECIALTY BROILER BREEDER INDUSTRY IN BC

The BC Farm Industry Review Board (BCFIRB) office has received inquiries from hatching egg producers about the process and potential outcomes of the BC Broiler Hatching Egg Commission's actions to regularize specialty broiler production. Rather than respond to those inquiries solely on an *ad hoc* basis, I thought it might be useful to provide a response – much of which we have discussed previously as well – that the Commission can share more generally with all potentially affected persons.

Firstly, the Commission is the first instance regulator of the BC hatching egg industry and its current process is in keeping with that role. Although the Commission is subject to the general supervision of BCFIRB at all times, an individual aggrieved by or dissatisfied with the Commission's eventual decision with respect to the regularization of specialty production also may appeal that decision to BCFIRB. Given that to date BCFIRB has only provided limited supervisory direction to the Commission on this issue (see below), preserving the right of appeal is an important consideration. This letter is not intended to forestall that right of appeal or pre-determine any outcome of an appeal heard by a panel of BCFIRB.

Under the *British Columbia Broiler Hatching Egg Scheme*, the Commission has the authority to regulate all broiler breeder flocks, broiler hatching eggs, and chicks in BC. In the past the Commission has not actively regulated Silkie and Asian broiler breeder flocks (specialty production) although there are no exemptions for this production either in the Scheme or the Commission's Consolidated Orders.

Regulation of specialty production is important for the purposes of biosecurity and food safety. Biosecurity and food safety (as per the Canadian Hatching Egg Quality program established for mainstream hatching egg production) standards are of significant importance not only for specialty producers but also the poultry industry as a whole. Although the Commission could exempt specialty production using the Consolidated Orders, BCFIRB has previously informed

British Columbia
Farm Industry Review Board

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the Commission of its expectation that at a minimum, some manner of regulation of specialty production is necessary for the purposes stated above.

It is the Commission's responsibility to determine, through a defensible process and clear rationale, what manner of regulation is effective and strategic in order to meet their roles, responsibilities and objectives in the interests of both the industry and the public.

Overall Expectations

BCFIRB expects the Commission will be Strategic, Accountable, Fair, Effective, Transparent and Inclusive¹ in reaching a decision based on sound marketing policy in the public interest.

Quota Considerations

Given the Commission is considering quota as one possible means of regulation, the Commission may wish to consider the following²:

Value

- As required by legislation, quota is to have no monetary value attached by the boards, and remains the property of the boards at all times.

Expectations of Producers

- Producers are to be actively engaged in production and committed to being in the industry. Quota confers a privileged opportunity to producers, and a corresponding responsibility.

Economic Opportunity

- Quota management retains flexibility for responding to market demand.
- Quota management supports innovative, efficient approaches to production and marketing that has potential to create sustainable demand for BC products.
- Quota management supports opportunity for industry growth and development of specialty markets.
- Quota management does not inhibit economic viability of regional industries and considers capturing unique opportunities for regional production and marketing.
- Quota management facilitates entry of new producers.

In relation, I point out that following BCFIRB's [2005 Specialty Review](#), appeals were filed by producers on quota transfer requirements and other related rules. Copies of BCFIRB's appeal decisions are all available on our website. As BCFIRB noted at the time in one of those decisions, [MJ Farm Ltd. v British Columbia Marketing Board \(March 1, 2007\)](#):

Users of a regulated system are subject to rules and users must expect these rules to change over time. ...
Needless to say, whenever there are regulatory changes there are perceived winners and losers. Changes that

¹ For further details, the SAFETI principles and their definitions can be found on the BCFIRB website.

² These points have been developed for general reference and are summarized from previous BCFIRB communications with regulated boards, and based on the [BC Ministry of Agriculture's 2004 Regulated Marketing Economic Policy](#) and [BCFIRB's 2005 Specialty Review](#).

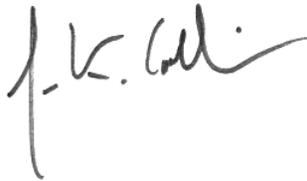
benefit the industry as a whole may be less beneficial for an individual, however, that fact in and of itself is insufficient to warrant ad hoc exceptions to those rules.

Closing

BCFIRB is pleased to see the Commission moving forward with the regularization of specialty production in consultation with affected stakeholders. BCFIRB hopes that any concerns are heard, considered and addressed through the Commission's process, however, as noted above appeals of the Commission's decision may be filed within 30 days of that decision being made.

It is expected that the Commission will communicate its decision with reasons to stakeholders and make it publically available in a timely way.

Yours truly,

A handwritten signature in black ink, appearing to read "J. K. Collins". The signature is written in a cursive style with a long, sweeping underline.

Jim Collins
Executive Director

cc: BCFIRB web site