



February 1, 2019

File: 44200-60/BHEC SPEC

DELIVERED BY EMAIL

Stephanie Nelson
Executive Director
BC Broiler Hatching Egg Commission

Dear Ms. Nelson,

BC BROILER HATCHING EGG COMMISSION INTERIM REPORT ON IMPLEMENTATION OF BCFIRB'S SPECIALTY (ASIAN BREED) HATCHING EGG REGULATION SUPERVISORY DIRECTIONS

Thank you for the December 21, 2018 Interim Report (Report) submitted to the BC Farm Industry Review Board (BCFIRB). The Report describes the BC Broiler Hatching Egg Commissions' (Commission) progress in meeting BCFIRB's July 17, 2018 supervisory directions¹ regarding the regulation of specialty (Asian breed) hatching egg production.

The Report was followed by a January 14, 2019 letter from the Commission to BCFIRB and stakeholders. The letter advises that the draft Amending Order referenced in the Report was not approved by the Commission at its January 9, 2019 meeting. Instead the Commission will be reassessing the draft Amending Order and Work Plan, and revised copies will be sent out as soon as possible for review.

After reviewing the Report and January letter, BCFIRB has asked that I provide the following response.

First, thank you to BHEC for agreeing to meet with BCFIRB representatives in February. I understand a meeting date is currently being scheduled. The discussion will focus on BHEC's progress in meeting BCFIRB's supervisory directions, alongside any related questions, concerns and challenges that have arisen.

The Commission did make the regulation of specialty production a priority for 2019 as set out in its Strategic Plan, and are laying the ground work for building their industry knowledge and market information – both of which are vital to establish an effective regulatory framework going forward.

¹ 2018 July 17. BCFIRB. In the Matter of the *Natural Products Marketing (BC) Act* and the Regulation of Specialty (Asian Breed) Hatching Egg Production.

The Commission also plans to use the industry and market information to inform its request to the Canadian Hatching Egg Commission (CHEP) for a separate national specialty allocation. This action is in-line with BCFIRB and Ministry of Agriculture policies on differentiated markets and growing BC's share of production.

The attached table summarizes BCFIRB's overall assessment of which supervisory directions have been met.

February Meeting

Discussing the status of the following three directions will be a core part of the upcoming February meeting.

1. *Immediate establishment of a condition-based transferable production permit for Asian hatching egg production (paragraph 113).*

Production permits have not been issued to date.

While the Commission did immediately implement a transparent and inclusive process to establish production permits, it did not approve the related draft Amending Order at its January 9, 2019 meeting as scheduled.

The Commission's January letter speaks to further delays in establishing production permits, without providing reasons, clarifying which sections of the draft Amending Order are under further review or setting out a revised timeline for permit implementation.

BCFIRB would like to understand the reasons for the on-going delay and use the February meeting as an opportunity to discuss with the Commission what next steps may be needed.

2. *At a minimum the permit must include current production volume by the permit holder including strain and volume of strain by production cycle, which at a minimum is to ensure that the Commission obtains up to date production information (paragraph 113(c)).*

It is unclear in the Commissions' Report and the draft Amending Order whether or how it will be including current production volumes and strains as part of the production permits. BCFIRB acknowledges the Commission is starting with flock information sheets and hatchery reporting to collect production information. It also understands that the Commission continues to work with stakeholders to finalize a definition for specialty hatching egg breeders.

That said, BCFIRB expects the Commission to ensure the permits reflect production volume and strain in some form. In turn, BCFIRB expects all specialty hatching egg producers to help facilitate the Commission in meeting this requirement through prompt and accurate information. Updating and refining of this information may be required over

2019 as industry data is collected, definitions are established and development of a final regulatory framework continues.

The Commission is asked to bring forward any questions or concerns it may have about this direction at the February meeting.

- 3. The Commission is to establish a framework for managing industry entry requests in conjunction with establishing rules for production permits (paragraph 116).*

Facilitating entry of new producers remains a BCFIRB² and Ministry of Agriculture³ policy objective. New producers support the flexibility and sustainability of BC's regulated agriculture industries – a sound marketing policy outcome.

Evidence that an industry entry framework will be established in conjunction with the production permits, and then as part of the future regulatory framework (scheduled for December 2019) is not reflected in key documents provided to BCFIRB and stakeholders by the Commission over the last several months. These documents include: the December Report, the draft Work Plan, the Strategic Plan and the draft Amending Order. The draft Amending Order does allow for entry (persons may apply for a permit), but the qualification criteria appear only applicable to those currently producing specialty hatching eggs.

BCFIRB looks forward to talking with the Commission on how it will integrate development of an industry entry framework into its Work Plan going forward.

I look forward to seeing you at the BHEC and BCFIRB representatives meeting in February.

Please do not hesitate to contact me or BCFIRB staff if you have any questions.

Yours truly,



Kirsten Pedersen
Executive Director

Attachment: "Summary BCFIRB Review of Commission December Report and January Letter"

cc: BCFIRB website

² 2005 Sept 1. BCFIRB. [Specialty Market and New Entrant Submissions: Policy, Analysis, Principles and Directions](#).

³ 2004 July 26. Ministry of Agriculture. [Regulated Marketing Economic Policy](#).

SUMMARY BCFIRB REVIEW OF COMMISSION DECEMBER REPORT AND JANUARY LETTER

BCFIRB Supervisory Review Directions	BHEC Status
<p>112. The panel does accept the Commission's recommendations regarding specialty producers contributing to the sectors portion of the costs of administering and enforcing Schedule 5; and the sector's portion of federal levies resulting from reported specialty production to CHEP.</p>	<p>Scheduled to be Met (Delayed January 9, 2019) Draft Amending Order s.5((1); at a rate of \$0.015 per Saleable Chick</p>
<p>113. The Commission is to immediately establish a <i>condition-based transferable production permit for Asian hatching egg production</i>. At a minimum the permit must include:</p> <p>a) requirement that transfers be approved by the Commission;</p> <p>b) biosecurity, food safety, premises ID, and animal care requirements; and,</p> <p>c) current production volume by the permit holder including strain and volume of strain by production cycle, which at a minimum is to ensure that the Commission obtains up to date production information.</p> <p>The Commission may set other conditions, as it sees necessary, to assist with management of the sector. Depending on the conditions, consultation may be appropriate.</p>	<p>Scheduled to be Met (Delayed January 9, 2019) Permits not issued to date, process implemented immediately (stakeholder meetings, draft forms & draft Amending Order</p> <p>Scheduled to be Met (Delayed January 9, 2019) Draft Amending Order s.3(7.2)(1)</p> <p>Scheduled to be Met (Delayed January 9, 2019) Draft Amending Order s.3(7.1)(2)(b)]</p> <p>Unclear if Scheduled to be Met Implementing reporting paths, but unclear if/how information will be linked to permits</p>

<p>114. Production permits are not to be issued to a producer until the producer is in full and current compliance with the Commission's biosecurity, food safety, premises ID and animal care Orders.</p>	<p>Scheduled to be Met (Delayed January 9, 2019) Draft Amending Order s.3(7.1)(2)(b)</p>
<p>115. Specialty hatching egg producers must be in compliance with the condition set out in paragraph 114 above within 60 days of the date of this decision to be eligible to receive a production permit.</p>	<p>Met BHEC Audit (Sept 18, 2018) majority of producers in compliance within 60 days of BCFIRB decision. All producers reported to be in compliance by Oct 18 2018 following completion of corrective actions.</p>
<p>116. The Commission is to establish a framework for managing industry entry requests in conjunction with establishing rules for production permits.</p>	<p>Not Met How or when an Industry entry framework will be established is not evident in Report, draft Work Plan, Strategic Plan or draft Amending Order.</p>
<p>117. The Commission is to include the Asian hatching egg sector as part of its strategic planning work starting in fall 2018. The panel expects there will be, at a minimum, a draft vision and strategic direction for this sector in place for 2019.</p>	<p>Met Asian hatching egg sector initiatives included in BHEC's Strategic Plan and prioritized for 2019.</p>

<p>118. The Commission is to begin work immediately with specialty hatching egg producers and other value chain members to establish baseline industry information for its use by fall 2019.</p>	<p>Met</p> <ul style="list-style-type: none"> • Senior Staff and Chair met face-to-face with stakeholders throughout November 2018. One producer refuses to meet • Draft Asian Breeder Producer Information and Flock Information forms sent to Producers and BCFIRB • Specialty hatcheries licensed, reporting starting January 1, 2019 • Work Plan reflects July 2019 delivery goal of key data. • Monitor sector planned via PPAC, Hatchery Reporting (HERS), flock information, on farm audits and regular industry engagement in support of its Strategic Review
<p>119. The Commission is to proceed with licensing those hatcheries handling Asian hatching eggs that are not yet licensed. In relation, the Commission is to ensure all hatcheries handling Asian hatching eggs participate in and are compliant with reporting requirements under the Commission’s Orders.</p>	<p>Met</p> <p>All hatcheries handling Asian breed eggs licenced effective January 1, 2018.</p>
<p>120. The Commission is to revise the PPAC membership to include at minimum one specialty hatching egg producer member, and consider including related hatchery representation.</p>	<p>Scheduled to be Met (Delayed January 9, 2019)</p> <p>Asian Breeder appointment to the PPAC to be finalized at BHEC Jan 9, 2019 meeting</p>

<p>121. An interim report on the status of these directions is to be provided to BCFIRB and industry stakeholders no later than December 31, 2018.</p> <p>The Commission is to revisit the question of regulatory tools no later than fall 2019 in the context of the vision and strategic direction for the sector.</p>	<p>Met Interim Report received December 21, 2018</p> <p>Scheduled to be Met Draft Work Plan Phase 4 – December 2019</p>
<p>122. The panel expects that the Asian hatching egg sector will be included as part of the Commission’s annual Public Accountability Report to BCFIRB.</p>	<p>Scheduled to be Met Draft Work Plan Phase 4</p>