

Chicken Industry Opportunities in BC New Grower Information Package



INDUSTRY PROFILE

The B.C. chicken industry is comprised of several sectors cooperating to produce chicken and further processed chicken products for the consumers of B.C. The organization of the B.C. chicken industry showing the number of production units, the capital investment of each sector and the volume and value of products is shown on page 3.

“Broiler Breeder Hatching Egg Producers” produce hatching eggs that are sold to “Hatcheries” where they are incubated to produce commercial chicks. The hatcheries sell the chicks to the “Chicken Growers”, who rear them and sell the market weight birds to “Primary Processing Plants” for evisceration. The whole bodied birds are upgraded to value added products in “Further Processing” operations. The “Processors” sell the whole bodied birds and further processed products to “Brokers”, “Hotels, Restaurants, Institutions (HRI)”, and “Retailers” who in turn sell to “Consumers”.

Most hatcheries in B.C. are vertically integrated into processing operations, processing chicken derived from chicks from their own hatcheries. The “Feed Industry” and equipment suppliers are largely independently owned and operated.

The major inputs to broiler hatching egg production are feed, chicks, and labor. The major inputs to the chicken grower are feed and chicks.

There were 68 broiler hatching egg producers in B.C. in 1995. B.C.’s broiler hatching egg production has increased 8% compounded annually from 39.9 million hatching eggs in 1984 to 91.5 million eggs in 1995, valued at \$26.3 million. The balance of hatching eggs required by hatcheries are imported. The volume imported depends upon the price differential between B.C. and U.S. hatching eggs, and has varied historically from a net export of 300,000 eggs/yr in 1985 to a net import of 10 million eggs/yr in 1993.

There were 308 chicken growers in B.C. in 1995, with approximately 80% of the growers and volume in the Lower Mainland, 11% on Vancouver Island, and 9% in the Interior. B.C.’s chicken production has increased 8% compounded annually from 57 million kg live wt. in 1984 to 138 million kg in 1995. In 1995, B.C. chicken production was valued at \$154 million at the farmgate.

Chicken Production **FACTSHEET**



Province of British Columbia
Ministry of Agriculture,
Fisheries and Food
Abbotsford Agriculture Centre
1767 Angus Campbell Road
Abbotsford, BC
V3G 2M3
Phone: (604) 556-3083
Fax: (604) 556-3030

OUTLOOK

The outlook for the B.C. chicken industry is for lower growth, narrower profit margins, more variable feed costs and more intense product competition from other provinces and countries.

With the implementation of GATT/NAFTA, the B.C. chicken industry moved from a system of "supply management" based on quantitative border controls to a system of "orderly marketing" which requires enhanced responsiveness to market forces. GATT/NAFTA Agreements converted quantitative border controls on chicken and hatching egg imports to tariffs that are to decline over time. The loss of tariff protection would result in intense competition from the U.S., leading to more vertical integration in the B.C. poultry industry, and reduced profit margins and quota values for hatching egg producers and chicken growers.

The B.C. broiler hatchery egg producer share of the B.C. market is expected to decline as hatcheries import more eggs from the U.S. as tariffs decline.

B.C. chicken production is expected to show 0-2% growth in 1996 followed by approximately 3-5% growth thereafter, depending upon the degree of participation by B.C. growers in the export markets. Growth in B.C. chicken production will be more dependent upon growth in the export markets than in the past.

QUOTA/MARKETING BOARDS

B.C. broiler hatching egg producers require production quota. Broiler hatching egg quota is administered by the B.C. Broiler Hatching Egg Commission. The B.C. Broiler Hatching Egg Commission operates under a national agency called the Canadian Broiler Hatching Egg Marketing Agency.

B.C. chicken growers operate under a quota system administered by the B.C. Chicken Marketing Board (BCCMB). The BCCMB has authority over the marketing of chicken in the province. The BCCMB works cooperatively with the Canadian Chicken Marketing Agency, the national supply control agency for chicken.

The BCCMB and the Broiler Hatching Egg Commission operate under the supervision of the British Columbia Marketing Board, a provincial government appointed board which hears appeals, and monitors all marketing boards in the province.

NICHE MARKETS

There are approximately 12 growers producing "specialty chicken" and one producing "organic chicken". Specialty chicken is grown without antibiotics. Organic chicken is grown according to the Certified Organic of British Columbia Guidelines, which were established under the Food Choice and Disclosure Act. The Chicken Marketing Board reviews applications to produce niche market chicken and issues production permits accordingly.

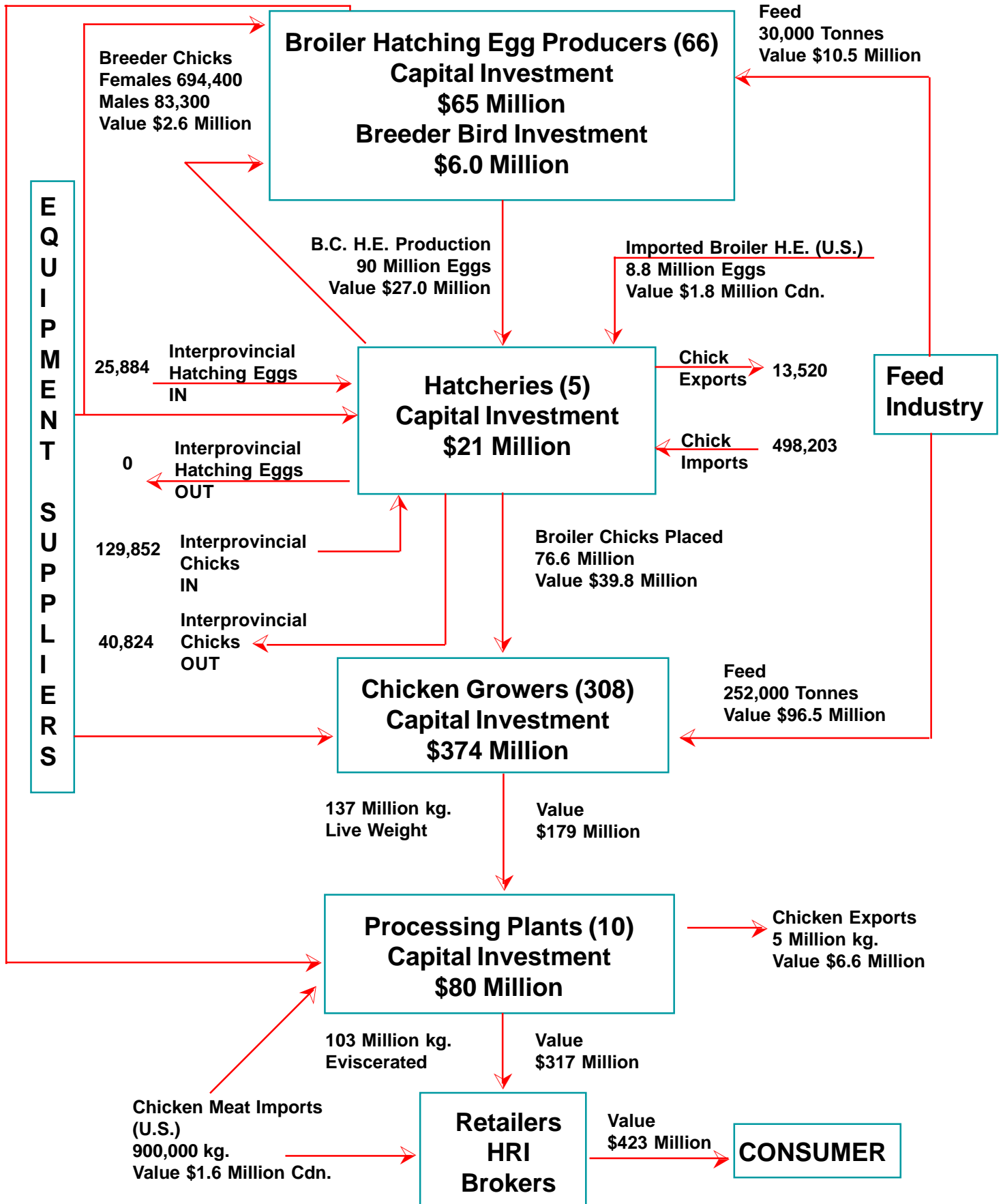
REGULATIONS

The B.C. chicken industry is subject to the following Acts and Regulations:

- Natural Products Marketing (B.C.) Act 1979
- B.C. Broiler Hatching Egg Scheme
- B.C. Chicken Marketing Scheme
- Agriculture Produce Grading Act
 - Regulation 105/78 - Live Dressed and Eviscerated Poultry Regulation
- Food Choice and Disclosure Act
- Meat Inspection Act RSBC 1979
 - Reg 55/66 Meat Inspection Act and Regulations
- Waste Management Act, Health Act
 - Agricultural Waste Control Regulation-B.C. Reg. 131/92
- Code of Agricultural Practice for Waste Management, April 1, 1992

B.C. CHICKEN INDUSTRY 1996

Breeder Spent Fowl Equivalents
743,000 Birds Value \$1,067,242



CONTACTS

Subject: Broiler Hatching Egg Quota

Mr. John Durham,

General Manager,

B.C. Broiler Hatching Egg Commission,

464 Riverside Road S.,

Abbotsford , B.C. V2S 7N8

Phone: (604) 850-1854

Fax: (604) 850-1683

Subject: Chicken Quota

Mr. Art Stafford

General Manger,

B.C. Chicken Marketing Board,

5752-176th Street,

Surrey, B.C. V3S 4C8

Phone: (604) 576-2855

Fax: (604) 576-6729

Subject: Processing Plant Standards

Mr. Larry Copeland,

Manager, Food Protection Programs,

B.C. Ministry of Health,

Suite 210,

4940 Canada Way,

Burnaby, B.C. V5G 4K6

Phone: (604) 660-5357

Fax: (604) 660-0697

Subjects: B.C. Poultry Grading Standards and Extension Materials

Mr. Stewart Paulson

Poultry Industry Specialist,

B.C. Ministry of Agriculture Fisheries and Food,

1767 Angus Campbell Rd.,

Abbotsford, B.C., V3G 2M3

Phone: (604) 556-3083

Fax: (604) 556-3080

E-Mail: SPAULSON@galaxy.gov.bc.ca

FURTHER READING

Books, trade magazines and government publications:

- ◆ Commercial Chicken Production Manual; M. North 1972.
- ◆ Poultry Production 13th Edition; R. Austic and M. Nesheim, 1990.
- ◆ Poultry Science; Ensminger, 1992.
- ◆ Poultry Production Systems, Behavior, Management and Welfare; Appleby, Hughes and Elson, 1992.
- ◆ Broiler Industry, Watt Publications.
- ◆ Care of hatching eggs before incubation; Agriculture Canada Publication 1573/E.
- ◆ Environmental Guidelines for Poultry Producers in British Columbia; B.C.M.A.F.F.
- ◆ Preparing a Business Plan-Chicken Broiler Producer Example; B.C.M.A.F.F.
- ◆ Summary Statistics on the B.C. Poultry Industry, 1995; B.C.M.A.F.F.
- ◆ British Columbia Broiler Hatching Egg Sector Profile, 1990; B.C.M.A.F.F.
- ◆ British Columbia Chicken Sector Profile, 1991; B.C.M.A.F.F.

Prepared by:

**S. Paulson, P.Ag.
Poultry Industry Specialist,
B.C.M.A.F.F.**

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