

BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

2017 Review of Asian Hatching Egg Production Regulation

AFFIDAVIT

I, Wilhelm Friesen, of 1509 – 176 Street, Surrey, British Columbia, V3Z 9S7, farmer, AFFIRM THAT:

1. I am a producer of specialty hatching eggs in British Columbia and as such I have personal knowledge of the facts and matters in this affidavit. Where I make statements in this affidavit that are not within my personal knowledge, I have identified the source of that information and belief. I believe that all of the information in this affidavit is true.
2. I make this affidavit in support of Skye Hi Farms Inc. ("Skye Hi"), Casey van Ginkel dba V3 Farms ("V3") and W. Friesen Enterprise's reply to the British Columbia Hatching Egg Commission's ("Commission") submission, dated September 29, 2017, responding to the supervisory review questions of the British Columbia Farm Industry Review Board ("BCFIRB"), set out in its letter dated August 25, 2017.
3. I am concerned about unfair competition and market instability within the specialty hatching egg industry arising from the continued refusal of the Commission to regulate the specialty hatching egg market, except in respect of biosecurity, food safety and premises identification programs. I am specifically concerned about the impact to the business I co-own with Lillian Fehr, and our ability to sell the business so that we may retire. My concerns, and evidence supporting my concerns, have been communicated to the Commission in the course of its consultations for BCFIRB's supervisory review as detailed further below.
4. By way of background, eight or nine years ago, I entered into a five-year written agreement with Fraser Valley Duck and Goose ("FVDG") to purchase my specialty chicks as well as a portion of my specialty broiler quota. That agreement also gave

FVDG a right of first refusal on any poultry businesses that I owned if I intended to sell, including my breeder stock.

5. Prior to the hearing of the appeal from the Commission's Amending Order 11 in September 2015, my contract with FVDG had expired and we were in negotiations with FVDG about the terms on which we would continue to supply them.
6. Sometime prior to the appeal, Ken Falk of FVDG had advised me that Coastline Chick Sales was offering chicks at a lower price. During the appeal, I got the impression that the larger players in the industry (Coastline and Bradner Farms) were prepared to use their market power to squeeze us out of the market if we did not get the protection of quota. Following the appeal, I told Ken Falk that we would drop our chick price to match the price being offered by Coastline. I felt that we had no choice but to do that in order to protect the specialty hatching egg business we had built up.
7. When I told Ken Falk that I would drop the chick price, I asked that FVDG pay for chicks within 10 days of delivery. This was because the lower price would present a cash flow challenge to our business.
8. After the lower chick price was put in place, FVDG's payments to us were often significantly delayed beyond the 10 days we had requested, on occasions in excess of 120 days. This posed a significant cash flow problem for our business but we felt we had no recourse to the Commission or anyone else to assist us with it. Eventually, we started indicating on our invoices that we would charge interest on late payments in order to obtain prompt payment.
9. Following the release of BCFIRB's decision on our appeal in March 2016, I was involved in discussions with representatives of Skye Hi and V3, who had also been appellants, and Coastline and Bradner, who had intervened on the side of the Commission, about how to move forward in the best interests of the specialty hatching egg market. On April 6, 2016, we agreed that the industry needed to be regulated through the issuance of quota and that initial base quota allocation should be based on 2015 hatching egg production as verified by BC Chicken Marketing Board chick broker

or hatchery reports. We provided a copy of our letter to the Commission soon after it was signed in the spring of 2016. A true copy of the email to the Commission which attaches the letter setting out this agreement is attached hereto as **Exhibit "A"**.

10. We were proud to have come to an agreement with Bradner and Coastline after being on different sides during the appeal and hoped that the Commission would take our views into account in its decision-making process. Soon thereafter, however, we learned that the Commission had changed its position entirely about issuing quota for the specialty hatching egg sector and it felt to me that our views had been disregarded once again.
11. At the appeal I indicated that I was ready to retire and sell my breeder stock and specialty hatching egg operations. Since the appeal, my marriage has ended and I am no longer certain that I wish to retire but I am discouraged about my ability to continue to operate in the present circumstances, as explained further below.
12. Following the appeal, I have continued to have discussions with FVDG about a potential sale. I have felt at a disadvantage in these negotiations because of the disparity in market power between us and the regulatory uncertainty in the specialty hatching egg sector. I have never received an offer to purchase my specialty hatching egg operations that I considered was fair given the decades of work and significant financial investment that I have made.
13. Sometime in April or May 2017, I received a telephone call from Joe Falk of FVDG, asking me to attend a meeting to discuss the potential sale of my breeder stock. I agreed to meet and confirmed I would be bringing Jan van Cittert with me. Mr. van Cittert is a business analyst and a retired Chartered Professional Accountant. I have retained him since July 2016 for business advice.
14. I met with the Joe and Ken Falk on May 11, 2017, accompanied by Jan. However, when we arrived, I was surprised to find that representatives of Windberry Farms, a producer of specialty broilers, were also present. Those representatives were Brad, Brent and Mark Driediger. After the meeting I reviewed my email exchanges with Joe Falk setting up the

meeting and noticed a reference to Mark Driediger attending but I had not focussed on this prior to the meeting.

15. When I saw the group that was assembled at the meeting, I felt intimidated. I had the impression that the representatives from Windberry Farms were in attendance to send the message that powerful players were working together to squeeze me out of the specialty hatching egg market.
16. As I walked into the meeting, a letter was handed to me right up front by Joe Falk, a true copy of which is marked and attached as **Exhibit "B"** to my affidavit. I quietly read the letter, and then Joe and Ken Falk reviewed the letter with me. It was immediately apparent to me that the offer presented would not come close to compensating me for the value I had built in our specialty hatching operations.
17. After reviewing the offer, I made a comment that I was no longer certain I wished to retire and that I might continue operating. One of the representatives of Windberry Farms made the comment with words to the effect that at my age I should be thankful to have an opportunity to get out. I do not feel thankful that I am effectively being forced out of an industry that I helped to build from the ground up without fair compensation.
18. I was given one week to respond to FVDG's offer as set out in that letter. After the meeting, Mr. van Cittert confirmed my view and advised me that FVDG's offer was a bad deal. I never accepted FVDG's offer.
19. On May 12, 2017, I emailed a copy of the letter I had received from FVDG, attached as Exhibit A, to Jim Collins, the Chair of the British Columbia Broiler Hatching Egg Commission. Attached and marked as **Exhibit "C"** to my affidavit is a true copy of my email.
20. Attached and marked as **Exhibit "D"** to my affidavit is a true copy of an email I received from Mr. Collins in response, dated May 12, 2017.
21. A couple of weeks later, I attended a consultation meeting with the Commission. During the meeting, Mr. Collins approached me and asked if he could share the contents of the

letter I had sent him by email on May 11, attached as Exhibit A to this affidavit, with the Commission. I agreed he could share it.

22. Sometime after the consultation meeting, it was brought to my attention by Trevor Allen, owner of Skye Hi, and Casey van Ginkel, owner of V3, that Joe and Ken Falk had met with the Commission and provided me with a copy of the consultation meeting minutes for May 30 and 31, 2017, a true copy of which is marked and attached as **Exhibit "E"** to my affidavit. Those meeting minutes also reflect Brad Driediger meeting with the Commission on behalf of the British Columbia Chicken Growers Association ("BCCGA"), and taking the position that pricing and supply of specialty hatching eggs should not be regulated.
23. I am not aware of any consultation having been carried out by the Association that would support the position that was advanced by Mr. Driediger as reflected in that Report. I am informed by Mr. van Ginkel and Mr. Allen, both registered specialty chicken growers and members of the BCCGA, and verily believe, that they are also unaware of any such consultation having been carried out by the BCCGA. Attached hereto as **Exhibit "F"** is a memo to all hatching egg industry stakeholders from the Commission, which attaches a July 11, 2016 letter from the BCCGA that states:

BC Chicken Growers' Association directors at the regularly scheduled Directors' meeting of July 7, 2016, reviewed the Commission's recommendations in detail. In our opinion, the Commission's hypothesis and recommendations to not regulate the Asian breeder hatching egg sector is highly speculative and not based on actual data.

For this reason our Association is unable to support the recommendations as presented. We request that the Commission first provide us with factual reasons behind its recommendations and backup of its analysis with solid data.



I am informed by Mr. Allen and verily believe that Mr. Allen was a director of the BCCGA until March 2017 and is unaware of any information responsive to this request having been provided by the Commission.

AFFIRMED BEFORE ME at Langley,
British Columbia, on October 13, 2017.

A commissioner for taking affidavits for
British Columbia

Lee Sawatzky
Barrister and Solicitor
201, 20353 - 64th Avenue
Langley, B.C.
V2Y 1N5

*Witness for to exhibit
only. NO adverse sought
or given.*

Wilhelm Friesen

WILHELM FRIESEN

REDACTED FOR PRIVILEGE

From: "skyehi" <skyehi@telus.net>
To: stephanie@bcbhec.com
Cc: firb@gov.bc.ca, "jim collins" <jim.collins@gov.bc.ca>, billvanderspek@bcchicken.ca, "Sandra Jansen" <association@bcbhec.com>, "BC Chicken Growers' Association" <office@bcchickengrowers.ca>, skyehi@telus.net, "Casey van Ginkel" <v3farms@gmail.com>, naturallybestindustries@gmail.com, coastlinechicks@gmail.com, rob@bradnerfarms.ca
Sent: Thursday, April 7, 2016 5:59:52 PM
Subject: April 6, 2016 Specialty Hatching Egg Producer Letter

Attn:

Casey Langbroek, BCBHEC Chair

John Les, BC FIRB Chair

Jim Collins, BC FIRB Executive Director

Robin Smith, BCCMB Chair

Bryan Brandsma, BCBHEPA President

Dale Krahn, BCCGA President

This is Exhibit "A" to the Affidavit of
Wilhelm Friesen
sworn (or affirmed) before me at
Langley, B.C.
this 13 day of October 2017.
A Commissioner/Notary Public for the
Province of British Columbia

After considerable thought and discussion, we are extremely pleased to present to the BCBHEC for their consideration the attached General Agreement

from the majority of specialty hatching egg producers outlining how we feel the industry should proceed. We feel this agreement adheres to the 2005 Specialty Review,

reflects the three pillars of supply management and will best serve the entire industry by providing a stable foundation for the entire specialty chicken value chain.

It is with sincere hope, that the BCBHEC accept this Agreement and adopt it as map for moving forward.

British Columbia Hatching Egg Commission
#108 - 32160 South Fraser Way
Abbotsford, BC V2T 1W5

April 6, 2016

RE: TC and Silkie Production

Attn: British Columbia Hatching Egg Commission,

We the under signed have come to a general agreement in regards to British Columbia Specialty Hatching Egg and Chick production.

We are in agreement that 2015 production as determined by the British Columbia Chicken Marketing Board Chick Broker or Hatchery Reports will be the basis for the initial base quota allocation. This information will be verified with corresponding BCCMB BC101-S contracts as the initial quota allotment (export production will be accommodated by permit).

We ask the BCBHEC to complete a third party cost of production analysis for TC/Silkie hatching eggs/chicks. This information will be used to determine a minimum Board ordered chick price, and subsequently used to determine a "minimum economically viable farm size". Any quota allotment at or below the "economically viable farm size" will be utilized at 100% allocation. Any industry growth would then be allocated to the uneconomical farms first until they reach the determined size, then pro rata to the entire industry forthwith.

We ask the BCBHEC to recognize the right for specialty hatching egg producers to operate as "virtual hatcheries" as already determined acceptable in a previous decision.

2009 will be used as the earliest "start date" for 10/10/10 calculations. Production documents have already been submitted and recognized by the BCBHEC for this time period.

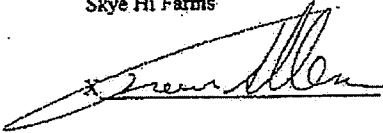
British Columbia Hatching Egg Commission
April 6, 2016
Page 2

We ask the BCBHEC to form a Specialty Marketing Advisory Committee comprised of the six producers recognized as currently producing specialty hatching eggs. This committee would be tasked with making recommendations to the BCBHEC regarding Pricing and Production.

The participants in this letter feel that these agreed upon principles will provide a strong and stable foundation for this specialty niche sector to build on, thus benefiting all participants in the value chain.

Respectively submitted,

Trevor Allen
Skye Hi Farms

x 

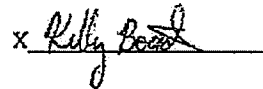
Casey Van Ginkel
V3 Farms

x 

William Friesen
W. Friesen Enterprises

x 

Kelly Boonstra
Coastline Hatchery

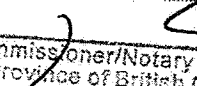
x 

Rob Donaldson
Bradner Farms

x 

Meeting with Bill Friesen – May 11, 2017

1. We will be entering the TC breeder business, and would prefer to work with Bill in an orderly transition of his flocks to us rather than just start our own flocks and cause him to lose out entirely.
2. The orderly transition would involve us continuing to buy chicks from Bill at the current prices until such time as our own flocks are laying and producing hatch-able eggs.
3. We would purchase any replacement flocks now in Bill's barns at the sunk cost plus an agreed upon margin (10%??). They would stay where they are (if possible) until ready to be moved into a lay barn of our choosing (at our discretion the flocks could be moved earlier). Bill and/or Brian may continue to manage and care for the flocks and then be paid a mutually agreeable management fee to do so.
4. Bill could maintain a GP breeder flock (male and female lines) where we would continue to purchase our multipliers from for a period of 2 years at a mutually agreeable price. Bill will disclose to us immediately what the genetic strains are and where they are being purchased from. (This information will be used strictly in the event of a delivery problem or a disaster, and not to cut Bill out before the 2 year period)
5. We would continue to work with Casey and Trevor just as Bill does now, using the same genetics so we can swap eggs, and manage overall production levels, etc.
6. IF the BCBHE Board does decide to issue quota, and IF they waive the 10-10-10 rule for Bill, we will have to work out a mutually agreeable price for the quota. If they issue quota but do not waive the 10-10-10, there is very little value.
7. If we can agree to a transition, Bill and Brian will agree not to be in the specialty breeder business for a period of 5 years. Any small flock growers that Bill or Brian would like to supply will be supplied by us (through Bill) at a discount so that Bill can earn some margin. This would be subject to the available egg supply.

This is Exhibit " B " to the Affidavit of
Wilhelm Friesen
sworn (or affirmed) before me at
Langley B.C.
this 13 day of October 2017.

A Commissioner/Notary Public for the
Province of British Columbia

REDACTED FOR PRIVILEGE

From: Bill Friesen <goldenfeatherinc@gmail.com>
Date: Fri, May 12, 2017 at 2:05 PM
Subject: Asian breeder industry development Re: Fraser Valley Duck & Goose
To: jimcollins@telus.net

Dear Mr. Collins,

I would like to bring to your attention the recent developments in the Asian breeder sector. As you are aware, we have been working as a group to accommodate the BCBHEC timeline to facilitate the ongoing decision process. The attached letter from Fraser Valley Duck & Goose was presented to me as a "fait accompli" which completely goes against what we have all been working towards since the Appeal Decision. We have all been working towards a normalization of the specialty sector, individuals gaining entry to the industry prior to the completion of the process by the BCBHEC jeopardizes the entire process.

As there are business dealings between myself and FVDG, I would appreciate that this letter is held in strict confidence until completion of the BCBHEC decision process. Please feel free to contact me if you have any questions or wish to discuss further at your earliest convenience.

Thank you,

Bill Friesen

This is Exhibit "C" to the Affidavit of
Wilhelm Friesen
sworn (or affirmed) before me at
Langley B.C.
this 13 day of October 2017.

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Province of British Columbia

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REDACTED FOR PRIVILEGE

From: jimcollins <jimcollins@telus.net>
Date: Fri, May 12, 2017 at 2:27 PM
Subject: Re: Asian breeder industry development Re: Fraser Valley Duck & Goose
To: Bill Friesen <goldenfeatherinc@gmail.com>

Thankd. I will digest and respect confidentiality at this time.

JC

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: Bill Friesen <goldenfeatherinc@gmail.com>
Date: 2017-05-12 2:05 PM (GMT-08:00)
To: jimcollins@telus.net
Subject: Asian breeder industry development Re: Fraser Valley Duck & Goose

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As there are business dealings between myself and FVDG, I would appreciate that this letter is held in strict confidence until completion of the BCBHEC decision process. Please feel free to contact me if you have any questions or wish to discuss further at your earliest convenience.

Thank you,

Bill Friesen

This is Exhibit "D" to the Affidavit of
Wilhelm Friesen
sworn (or affirmed) before me at
Langley, B.C.
this 13 day of October, 2017.

[Signature]
A Commissioner/Notary Public for the
Province of British Columbia

May 30th & 31st, 2017

Introductions

- Ways to solve this and have this situation come to an end
- A lot of submissions and options have been submitted and discussed
- That's why the options list was developed
- Why and why not have of the suggestions to you like and not like.
- Frank and open discussion but reserve the right to follow up with any good ideas.
- Benefit of the input
- This meeting is without prejudice

- History- major battle to get into the poultry sector for processing
- Understand the quota system and how it works
- Entered under the permit system on the specialty sector
- You cannot be a little bit pregnant in this industry
- Bought Bill Friesen specialty quota (grower side) right of first refusal of his breeder business.
- Was told that breeders would not be regulated
- Bill Couldn't sell as 10/10/10 and LIFO would apply and there isn't details to make a deal. Been that way for the last 5 years.
- They conf'd discussions with Bill
- Bill contract expired years ago
- Plans to go into breeders whether we buy Bill or go alone
- They need to be able to manage their own supply
- Price increases from Trevor/ Casey and Bill
- Increases cost of production at the plant
- Why are the increases happening? (15%-18%)
- Was there justification?
- Were told that the costs were going up
- Trying to compete in the national product not just the provincial market
- Markets are expanding
- Competition from Alberta
- Ontario took a run at the market- set up the supply chain very aggressive in this market and are growing FAST
- Margins aren't huge in this market
- Need to poise themselves to be as competitive as possible
- Why didn't you get into the breeder industry?

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- If we aren't Bills customer- he doesn't have a business. Period.
- If they get started in it Bill will be done
- They aren't writing a check for something with no value
- Wasn't looking for a battle if they just placed a flock
- What is the best system of the options developed
- Specially chicken industry in BC is special we have capital costs with quota.
- We cannot have a fully regulated system and be competitive that train has left the station
- Ontario is an allocation based system
- We have to be outside the system to be able to thrive loosely permitted system
- SMAC (Joe GM of their org) can discuss issues
- Should be processor driven
- Virtual Hatcheries should go cause the processors need to buy the genetics that they want
- Min price setting is fine. A COP is fine but the Producers have very different efficiencies
- Ontario has a "fall back" price
- They will add regulation as the market matures
- What percent of product processed leaves BC? ~ 25%
- Of that 10% is exported and is tied to the low dollar
- 25% is at risk with Ontario ramping up
- Ill you need protection/security in the market place? - That will be a chicken board issue and price will protect us.
- Level playing field will be so they can price nationally
- More regulation will lead to the deterioration of the market as the flexibility of the market
- The regulations should reflect the market
- Process for 13 other growers
- Growers can shop under the parameters of the processors program
- Historically chicks are around 90 cents
- Increase over the last 2-3 months
- Need the ability to enter the industry regardless as they need to control their industry
- Permit system (option 2) How do you protect the Producer? That is really difficult.
- Free and open market or it is regulated
- Is your business' viability tied to one option or can you work with all the options?
- Cannot add a layer of regulation that makes us less flexible.
- From the marketing perspective must be able to sell the product
- Must all be on the same playing field – not against quota its just an added cost that makes them less competitive
- Semi regulation is challenging for all participants.
- Option 2 Pro is a pillar of SM
- Preference is for a non-regulated system is MUCH preferred. No volume control, no pricing control.
- Loose scenario described- Sounds like the duck business
- Schedule 5 is not a huge undertaking for the producers
- To what extent does the Commission owe the Producers protection?

BC Hatching Egg Producers' Association:

Introductions

Jim same opening comments.

Producer Association represented by Bryan Brandsma and Sharmaine Bennie

- Concerns about the costs associated with this sector
- Concerns about this sector being managed under the Hatching Egg Commission
- Can they start their own board? With their own staff?
- We don't want to share.
- This sector could expand to encompass more products
- No way on the regulation side could they run for the Commission
- Retroactivity is also not an option
- It is a manipulation of LIFO and 10/10/10
- We should not be the sector that starts that precedence
- What would be the associations preference – Option 4
- They cannot afford \$M. COP development is not cheap.
- Don't want to sit on the fence with regulations
- Regulations should be self-contained
- Levies have to reflect the
- Scheme has defined them as a regulated product
- Producers should be treated the same as other Producers
- Subject to the whims of the processors and the growers
- What kind of protections should be afforded to them? (predatory...)
- Agreements should be signed- contracts should be in place
- How can we make decisions without knowing how they work?
- If the system is working? Why are we "fixing" it?
- That's not the Commission's issue – They have to deal with it
- IF they get quota it should be a separate type of quota with a separate board and separate staff
- It is working right now
- BCFIRB needs to make a decision
- They need to see the consideration process in order for the recommendation to be evaluated properly.
- Who is paying for the Biosecurity and Food Safety Audits being conducted?
- Limited regulations would include a fee for service but the Commission would have some associated costs
- License fee should cover schedule 5
- What is the benefit to the industry as a whole if Option 2 was put in place?
- Probably better forecasting but not enough tools to deal with the issues that come up (lease? Small Eggs?)
- The criteria of solutions is specific and the sector has legitimate concerns that need to be addressed so we can move forward.
- Ontario is ramping up so BC is losing market share

- If there is a contracting market how do you handle it?
- Handle it with utilization
- New entrant programs would be applied with full regulation.
- The retroactive request is unacceptable – it is outside of the scope of the hatching egg new entrants
- Commission should not have Asian Breeder representation also unacceptable
- If they are in the industry there should be more communication
- In favor of supply management- We have let our concerns be known.
- The exemptions are relevant.
- Concerns about the processors taking over the distributed quota by buying everyone else out and Growers would leave via cashing out.

Farm Fed:

Jim same opening comments

Farm Fed represented by Rob Vane and Ken Huttema

- Consistent messaging through this process
- Fully regulated is a mine field for the Commission
- It has grown because it isn't a regulated market
- Small player/diverse interests
- Competition created game playing
- They want to share a pie that isn't theirs to share
- Diverse breeds – consumer says that there is
- If we want to grow the business we would have to buy quota. Distinct differences
- Created product niche market product development
- Over supply is built into the business as a regulated market place via BC Chicken
- Would not share eggs/chicks as they are so different
- Market development is dependent on the product itself
- Customers are very specific on the product
- How many breeders? – unknown
- Are things sustainable as things are now?
- The sector is thriving! They wouldn't be fighting if there wasn't a thriving industry
- The development of the Ontario production has displaced BC production.
- On the growing side there was struggle, when the dollar dropped the US markets opened up.
- Markets are developing in China
- Pure line as a product and is not price dependant
- Confident in their market, they can taste the difference in their product.
- Regulation restricts flexibility
- We built the market -to buy it back again?
- Ontario/Alberta market won't sustain themselves as it is Producer/Grower driven and they are not growing a quality product which these customers do not readily accept.
- This product has to be managed
- Balance needs to be found with price

- Does regulation hinder growth for the future?
- Very protective over the genetics and watch every bird slaughter to ensure no one steals them.
- Leave us alone! We developed this
- Rob Donaldson's health has a lot to do with it there will be jockeying
- We do not want to farm quota, we want to farm our product
- If you fully regulated you will shrink down to one or two players
- Schedule 5 enforcement is for the benefit of the Industry
- Creation of standards and quality standards would be necessary under full regulation
- What is the advantage to full regulation?
- We see nothing positive
- As soon as we could we would sell the quota- make farming it someone else's problem
- What about an option 2 scenario with limited regs?
- Does it hinder the sustainability of your business?
- Complicates things and delays the inevitable erosion of relationships
- Is there a step up?
- Bare minimum or full regs, you cannot build the expectation
- Flexibility is key to the success of this sector
- How can we integrate with BC Chicken?
- You must control the production if you regulate
- Signing a contract builds in expectations for Commission help with supply and other issues
- TC's (6 different types)- 4 Producers
- Silkie (2-3 different types) - 2 Producers
- Chicken is a chicken is a chick is not accurate
- Pricing- Turns into a disaster and creates more regulation
- What would cause you to change your mind on leaving it alone?
- If it got to a significant size with quite a few independent producers and the added animosity between the hatcheries and the processors.
- Supply management has a scale
- Currently a long ways from that - you would need a number of independent Specialty producers
- Harmful examples- Take growers but that isn't as relevant as the product is the most important.
- The market currently corrects itself easily- quota makes this difficult

Rosstown:

Jim same opening comments

Rosstown represented by Dion Wiebe:

- Concerns whatever direction the commission takes...
- Marketing a finished product, very specific market, very specific demands and needs
- Need the ability to select the breed
- Least integrated supply chain in chicken
- Genetic selection is important - who controls the genetics?
- Communication is currently good but can change tomorrow
- People are very protective over the genetic component

- The grower currently controls it to a point but communication has kept things rolling
- Where is the market going? What are the market pressures?
- Took over Fairline
- Ontario came on board and they saturated the marketplace in BC
- Mostly frozen item
- Exporting to Hong Kong/ US? Interprovincial
- Difficult to move supply flock eggs
- Work with a genetic company/supplier to get pure genetic line
- COP identified 3 breeds
- Egg swapping is not an option long term domestically it can work short term but not for the export market
- Had a stable supply to date
- Would regulation fit your business model?
- It's a new market, it is still evolving and the innovation should not be stifled
- How stable is the export market?
- Built on a relationships and product quality
- What protections do the Asian Breeders need?
- The system is a bottoms up system- we commit to the volume
- Borders shutting down and Ontario ramping up
- What would the ramifications of quota be?
- New Entrant to the sector are more challenging
- Production levels- overproduction is an issue in a shrinking market
- Currency is also a risk-more of a trend
- Difficult to match the right product at the right time under regulations very micro
- Contracts with the Producers is an option – BC is in charge of the supply only one in the country
- An Official Flock Schedule would be challenging in this small market
- Would a BC 101 concept help? Instead of quota
- Commitments/ Contract all included with security- maintains flexibility
- What is the cycle length for renewal?
- This is unofficially happening already- different on each farm
- Annual Schedule is shared with the hatchery
- Is the industry currently sustainable?
- It is working the way it is plans are shared.
- Producers and growers work as far as he knows, things are working well.
- Different chick prices
- Different broiler prices
- SMAC helps negotiate the price
- Price is based on marketing names not actual genetics, CFC trying to ensure that their isn't a bastardization of mainstream
- Marketer/Processor needs control of the genetics

BC Chicken Grower's Association

Jim same opening comments

BCCGA represented by Brad Driediger

- 40 something specialty growers
- 4 breeder farms
- 3 or 4 breeds that are specialized
- The genetics matter, you cannot interchange birds
- A TC is not a TC is not a TC
- How would full regulation fix potential supply problems
- Schedule 5 is a must
- Pricing and supply should not be regulated
- The growers have a COP in place that captures changes right away so the chick price is included immediately
- Processors are impacted though cause they are not immediately compensated and they cannot sell the product
- SMAC is made aware of pricing changes immediately
- SMAC has an official finger on the pulse.
- The grower side is supply managed as the chicks are contracted to growers so that maintains supply.
- BC 101 contract is used between the breeder producer/grower and processor
- Chicks can be sourced by the grower but must meet the genetic parameters that the processor wants
- Sometimes 100 birds are grown at a time- This is a Small sector
- Would a Quota System work for this sector?
- Wouldn't work- the product is number one the genetics are most important
- Supply is managed by the chicken side
- Conceptually the chain/ contract BC 101 includes the Breeders by way of the hatchery
- Each breeder farmer sells his own chicks to a chicken grower
- Processor decides what product they want
- A lot of flexibility allows the risk to be managed by testing different things (breeds/feed)
- That's a strength in the industry
- There wouldn't be the growth if the sector was shackled to regulations that limit the supply chain
- How sustainable is the industry today?
- The sector is growing
- BC is the leader in Canada
- BC developed the Ontario market which puts pressure back on BC
- What are the biggest risks to this sector today?
- Regulation would be disappointing as flexibility of the product is limited
- Where is the growth?
- Processor can better answer that
- Costly and staff dependant for full regulation
- Where do the Producers need protection?
- It is the flexibility and diversification that has allowed new entrants (T&C Chicks)
- New people have been bringing breed diversification to the industry
- The undercutting took place before the BCCMB regs came into place

- The SMAC and the BCCMB now manage supply on the other side and processors aren't interested in cannibalize the industry.
- COP development would hinder the ability to maintain the diversity of the breeds
- Supply/diversity is more important than the price
- Can't drive other people out as you will lose the diversity
- Genetics are closely guarded and a chick is not a chick is not a chick
- Communication within that supply chain is vital
- Option 4 is preferred – Option 2 is okay contracts are already a reality

Asian Breeder Producers:

Jim opening comments

Formal Introductions

Written submissions due Monday June 5th, 2017 for any final thoughts

BC Asian Breeder Producers represented by: Trevor Allan, Bill Friesen, Casey Van Ginkel, Marina, Pamela Bradner, Kelly and Teresa Boonstra, Lillian Fehr

- TA- The Commission has been approached by the Asian Breeder Producer group and followed up with a concept. It lines up with the NPMA and the 2005 specialty review.
- Supply management was created for the farmer
- Aware of what the other stakeholders have said, they have shared that with them
- Misconceptions have been had by the Commission in the past
- Are there any questions by individual commission members?
- Coastline chicks has historically exported to the US but currently doesn't
- They participate in government stability programs but do not think you can participate with quota
- Commission members assured them they could
- LF- how much consideration was made to the joint submission from the Asian Breeder sector
- JC- it was used to develop the options in order to mix and match
- LF -unsure what option 1 is as it doesn't reflect the submission
- JC -was not an attempt to capture the submission in its entirety
- AG -the options do not mirror the submission but it is in there
- Options were inclusive of the submission
- AM -What did you think was missing?
- LF- a lot of work was put into the development of the submission why was it not reviewed?
- AM -It was reviewed but you cannot cherry pick regulations
- LF -there was exceptions made for regulations
- TA- 2005 review demonstrates how the specialty group was supposed to mirror mainstream until it cannot. The Chicken board did this.
- CV -Chicken board found a way to regulate these varied breeds
- TA- flow through industry BCCMB has already done the difficult work information can be shared
- CV- There wasn't any cons that can't be dealt with by the breeder sector
- JC- the commission needed to review how they saw things and get feedback on it
- Many options were developed and reviewed

- There was not a specific focus just a review
- TA- you are in a supply managed commodity how can you suggest no regulations?
- WE need quota for the value chain for the broiler growers
- Without organization the sector is in trouble
- Feed is cheaper in Ontario they cannot be competed with
- Only thing stopping imports is federally licensed plants
- JC- supply management principals and supervisory review timelines are a constant reminder to the Commission. I have encouraged the Commission to look at all options and narrow it down. Do not focus on anything up front
- AC- Do any or all participate in hatcheries/chick brokering/ virtual hatchery?
- Currently who sets the chick price?
- LF- everyone does their own pricing
- All- Currently \$0.90-\$1.14
- AC- What determines that range?
- TA- payment terms/servicing- you can spend 17 cents per chick on services
- Do each of you represent a different chick?
- TA- It's like a cobb and a ross there are 2 types
- AC- a grower/processor are okay with each group and each breed?
- TA- You can swap them out, there are no genetic preferences.
- AC- a chick is a chick is a chick? Any processor is happy with any of the chicks through their plant
- Different processors require different birds
- A TC is a TC is a TC?
- More lenient than a main stream producer on genetics
- Processor meetings are important to check quality standards
- Production is tailored to the processor
- JC- we have heard that the genetics are vital and the most important piece of information
- If there are no differences in grow time? Growers don't have preferences?
- There is a Sasso bird that grows faster with Bradner
- Generally 2 different breed types of birds
- 4 breeds on the COP
- 4 breeds in the sector
- Tailored the live price to the services required
- The birds are the same, it is the marketing that is different
- Average sized flock is 3-3500 birds
- AC- is there a predictable range of production?
- CV- Very close to mainstream on the predictable range of production
- Better than mainstream on lay better on hatch
- CV- virtual hatchery capacity because of the custom hatch element is a customer
- AC- That seems like a pro? You get to be your own solution?
- JC- integration of the industry is very important - commission has been told that
- AC How is the sustainability of the industry today? How are things going?
- TA- We are out of business if we do not get quota. Fraser Valley Duck and Goose are starting a breeder industry, they can drop the chick price and undercut us out

- AC -You don't need quota to deal with chick price
- 100% of our customers are FVDG growers they will displace.TA/CV/BF/LF
- There is no growth, any growth would be at the expense of others
- Not optimistic about the future
- BF -FVDG has approached him. Without regulation they are out of business. He helped them build the industry and explained how they are going to squeeze him out of the business
- BK -many producers invest into quota first and then build barn. Producers invest in quota and then sell it. You have not invest in quota
- BF- disagrees with BK
- LF -disagrees with BK
- The bird has been carefully developed and invested in for 25 plus years
- BF- I have invested more than the quota holders on the development of the industry
- LF- would have happily bought quota if they would have let us
- TA- knows what the price is on quota on paper
- BF -what comes first? Does the quota come first or does the industry come first?
- AM- How do you relate with Ontario has no interest in quota and regulations? How do deal with the capital investment?
- COP is a true cost of production and quota is not a factor
- Quota is not a factor in the live price
- AC- back to my question please
- M- Pressures within and out. Ontario competition within they compete with each other and a COP has never been done.
- AC- Is the price inadequate?
- M-A COP should be done who tells me that is the right price?
- AC- Audited/accounted process but that doesn't mean that is what you get. The Hatching Egg producers have existed for years under their 100%
- M- Processors want the lowest price and they could move
- AC-Is the price going backward?
- KB-Unknown demand makes planning expensive
- Worried about the decision being made, How many more producers are going to be in the valley
- Sustainable presently
- Growers are threatening to buy breeders
- They are all trying to work together now but if the decision isn't made they are all going to in fight
- CV- The Asian Breeders working together will create efficiency
- AC-Where is the market going? My understanding is that this is not a day to day product
- Generation to generation the sales continue to grow
- TA- FV Duck and Goose hired a special events coordinated/ BCCMB is working on sales/ Wing Tat spending \$\$\$ on marketing
- More Asian Cultural demand
- Where do New Entrants Land?
- CV- It is not a quota class issue it is a sector issue
- No one is opposed to New Entrants but there should be a fair balance
- Frequency should come into play, how often quota is sold

- Could work like the dairy industry new entrants
- JC- are you big enough to be a regulated sector?
- BF- yes they are big enough and have invited people in and for biosecurity reasons split things up
- Eggs are shared between producers
- Processors are okay with that
- To regulate is considerably easier than what you think it could be
- TA -42 broiler farms produce a million kgs per cycle 20% of the broiler farms producing this chicken
- CV- Back to 2005 the specialty sectors are small and all the specialty markets have flourished why wouldn't we?
- BK -Regulated the domestic market not the export market would this limit export
- TA - should be based on BQCM's 101 form so domestic can be tracked.
- Export is a separate risk
- JN -What is the strength of your industry? What makes it work? What makes it different?
- LF- The demand for the product
- JN- isn't flexibility and innovation an important part of the industry
- There isn't new niche markets opening up?
- TA -It is going the other way it is shrinking
- The Asian community is price sensitive, quality is a secondary concern
- JN- do you need the diversity anymore?
- TA- no, we don't everything is mostly the same now
- The market shift is away from the diversity but it is slow
- BF- there is no further processing
- JN- part of supply management is an obligation to produce how to deal with oversupply?
- TA -kill ages would be adjusted
- Everyone working together will save 5-10% in efficiencies
- BK -is that what the market wants
- TA -I would be able to reinvest in the industry and work with a breeder company
- Broiler contracts are not honoured and not enforced
- JN -levies are a part of the equation both provincial and national system
- LF -if we don't pay levies we go out of business
- CV- cost of levies will be off-set by efficiencies
- TA -stability gained by quota
- AC -how do you presently have instability
- KB -Managing egg supply is challenging
- AC -is TC seasonal? Increase in sales
- LF -They are not frozen they are eaten fresh
- TA -EPSS summer before the following year for the growers that are their customers
- BK -When are the schedules provided?
- KB -Sometimes the day the other one ends
- Binning a lot of eggs
- AC- Setting your own chick price off set their cost?
- The processors just ignore the payment increases

- AC -is anyone not getting paid for chicks?
- KB -it does happen
- AC- Can you provide a recent example?
- JC- how much duplication is necessary? SMAC? DO we need a separate one?
- TA- Why isn't there one PPAC for Hegg and chicken?
- CV -they are 2 different groups
- JC -they deal with a lot of the same issues
- CV -communication is important
- JC -submission deadline is on June 5
- Have you said everything you need to say to the Commission?
- TA -Being quota holders yourselves why wouldn't you regulate us?
- Is it the costs associated with regulating us?
- JC -has asked the commission to look at is what is the best interest of the sector/industry going forward
- TA -is there a question of costs.
- BK -when the 4 option were developed the commission put together the full extent of the regulations that's the impact. Can you comply?
- TA -you need make a decision on the people in the room today.
- There is no risk in starting a Asian Hatching Egg farm today
- AC- has anyone been cannibalized yet?
- BK- Do you have a long term plan to stay in the industry
- KB -We have invested millions of dollars in the industry family operation with their kids farming
- CV -3rd generation chicken farmer
- BF -Past expiry date but is working with young people to pass it down
- TA -has 3 kids and farming
- AM -What happens if the quota is low in value?
- KB- Doesn't matter my production is protected
- JC- right now it is a fluid market are we creating a sitting duck?
- LF- At least with this quota you would get something for the business you built
- TA- the Commission has created this issue by going back and forth on regulating and not. FVDG want others will not miss the chance to put breeders down again if they can.
- AC-Didn't you know that when you started in this industry that it was unregulated?
- TA -Commission has gone back and forth on it and decided back and forth
- AC -You started in the industry without it being regulated
- TA -perceived chance that it may be regulated and that has pushed the processors to create a breeder farm
- AC -The commission made a decision and it was appealed
- TA -You put me out of business?!
- AC- there was a process and you were a part of it.
- TA- the Commission created that by making the industry uncertain
- Due to submit our recommendations on the 12th an extension may be asked for from BCFIRB
- LF -asked to put a moratorium on new entrants in the interim
- JC- The Commission will consider it

- BCCMB implemented the permits into the quota and recognized the time that the farms had been operating.
- SN- You disagreed with those calculations
- TA -Can only be used as start dates only not production levels
- JC-What If we gave you today's production levels
- TA -we will revert to the agreement if it is endorsed by the Commission
- CV -Can we get a copy of the draft decision?
- JC -Undecided the Commission will consider it
- SN- the Hegg commission has released draft copies of decisions and they have resulted in appeals before a decision has been made
- JC thanked everyone for their time



MEMO

TO: All Hatching Egg Industry Stakeholders

STATUS: Important

FROM: Stephanie Nelson

DATE: July 28, 2016

SUBJECT: Asian Breeder Producer Consultation Update

The Commission's Recommendation Report, as instructed by BC FIRB in their March 2016 decision, was circulated on June 24, 2016 to all Industry stakeholders.

The Commission asked Stakeholders for feedback on the Recommendation Report by July 24, 2016 as a part of their consultative process.

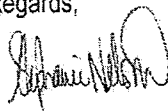
Please find the consultative feedback provided by each stakeholder attached for your information and review.

Additionally, the submissions will be posted to the BC Hatching Egg Commission's website.

The Commission will be considering each of the attached positions before making a decision.

If you have any questions, please contact the office.

Regards,


Stephanie Nelson
Executive Director

This is Exhibit "F" to the Affidavit of
Wilhelm Fruser
sworn (or affirmed) before me at
Langley B.C.
this 13 day of October 2017.


A Commissioner/Notary Public for the
Province of British Columbia



BC Chicken Growers'
ASSOCIATION

July 11, 2016

BY EMAIL

Stephanie Nelson
Executive Director
BC Broiler Hatching Egg Commission
180-32160 South Fraser Way
Abbotsford, BC V2T 1W5

Dear Stephanie,

Commission Recommendation Report on Asian Breeder Producers, June 24, 2016

Thank you for inviting our Association, as one of the industry stakeholders, to provide feedback on the Commission's Recommendation Report to BCFIRB on Asian Breeder Producers.

BC Chicken Growers' Association directors at the regularly scheduled Directors' meeting of July 7, 2016, reviewed the Commission's recommendations in detail. In our opinion, the Commission's hypothesis and recommendations to not regulate the Asian breeder hatching egg sector is highly speculative and not based on actual data.

For this reason our Association is unable to support the recommendations as presented. We request that the Commission first provide us with factual reasons behind its recommendations and backup of its analysis with solid data.

Thank you for your attention to this matter. We look forward to hearing from you.

Sincerely,

Dale Krahn
President
BC Chicken Growers' Association

cc. Mr. John Les, Chair, BC Farm Industry Review Board
Mr. Bill Vanderspek, Executive Director, BC Chicken Marketing Board

P.O. Box 581, Abbotsford, BC V2T 6Z8

tel 604.859.9332 | fax 604.853.4808 | office@bcchickengrowers.ca

**Joint Submission re: British Columbia Broiler Hatching Egg Commission Report to the
British Columbia Farm Industry Review Board on Asian Breeder Producers**

**on behalf of Skye Hi Farms Ltd., Casey van Ginkel dba V3 Farms, Wilhelm Friesen &
Lillian Fehr dba W. Friesen Enterprises, Robert and Patricia Donaldson dba Bradner
Farms, Unger's Chick Sales (1974) Ltd. dba Coastline Chicks**

1. This joint submission is made on behalf of Skye Hi Farms Ltd., Casey van Ginkel dba V3 Farms, Wilhelm Friesen & Lillian Fehr dba W. Friesen Enterprises, Robert and Patricia Donaldson dba Bradner Farms, Unger's Chick Sales (1974) Ltd. dba Coastline Chicks (the "producers"), five of the six¹ producers of Silkie and Taiwanese ("specialty") hatching eggs in British Columbia in response to the June 24, 2016 report of the British Columbia Broiler Hatching Egg Commission (the "Commission") to the British Columbia Farm Industry Review Board ("BCFIRB"). In that report, the Commission communicates its decision not to regulate specialty production and has invited stakeholders to provide feedback on the report.
2. The undersigned write to express significant process and substantive objections to the contents of the report and to urge the Commission to apply principles of supply management to the specialty hatching egg sector in a manner that comports with the regulatory principles set out in BCFIRB's 2005 Specialty Review in order to ensure that the industry continues to develop and interact with the specialty chicken industry in a manner consistent with sound marketing policy.

Failure to Consult Stakeholders

3. As an initial matter the producers note that following the release of BCFIRB's March 29, 2016 decision in the appeal from the Commission's Amending Order 11, all five participating producers – notwithstanding the different positions taken in the appeal – met and arrived at an agreement with respect to the regulation and allocation of quota using the conceptual framework in the Commission's Amending Order 11 as a starting point. The producers made a joint submission to the Commission setting out the agreement dated April 6, 2016.
4. Despite the efforts of the producers in this regard, the Commission took no steps to consult with any of the producers in developing their report (nor to the knowledge of the producers have they consulted with any other stakeholder, including processors or PPAC).
5. In the Commission's report, while reference is made to the producers' letter to the Commission under point 7 of its "SAFETI" analysis but the Commission does not explain why it appears to have completely disregarded the common view expressed by these five producers that the sector should be subject to regulation, that quota should be issued and the agreement reached as to the allocation of that quota, the most contentious issue on the appeal.

¹ The sixth, K&R Farm Holdings Ltd. ("K&R"), is not a party to this submission.

6. While the Commission has now circulated its report to the producers for comment, the report appears to reflect a decision already made by the Commission in the absence of any meaningful – or perhaps any – consultation with stakeholders. For example, the minutes of the Commission’s May 27, 2016 special meeting provide under “Action Items” that staff will draft a “decision report exempting the Asian breeder producers” and that the “decision and work action plan” are to be uploaded onto the Commission’s website. Consistent with this position, the work action plan developed by the Commission provides that phase 2 consists of the following:

Approach:

- Review the BC FIRB’s Sky-Hi/V3 decision and create a list of considerations.
- Review the list of considerations with through the SAFETI lens of good governance, with all stakeholders considered.

Expected Outcome:

- A SAFETI rationale regarding the Commission’s decision
- The ordered report to all Stakeholders.
- A consultative review of both the SAFETI review and the report.

Deliverables:

- A sound decision delivered to the stakeholders in the form of a report, based on the SAFETI model of good governance delivered by the BC FIRB’s deadline of June 29, 2016

(emphasis added)

7. Consistent with the work plan, the Commission’s report sets out a SAFETI analysis in support of the decision in the report, notwithstanding that no consultation with stakeholders appears to have occurred prior to the decision being made.
8. The SAFETI principles, in particular the fairness principle, require that consultation with stakeholders be undertaken *prior* to a decision being made, not after, and that stakeholder views be taken into account in arriving at a decision.
9. Here, it appears that *no* industry participants were consulted prior to the decision being made. While the Commission’s work plan provides for a “consultative review” of the SAFETI and the report, it is unclear from a review of the Commission’s work plan, how – if at all – the Commission intends to take into account stakeholder comments.
10. A review of BCFIRB’s March 29, 2016 decision supports the view that the Commission was required to consult with stakeholders prior to making the decision set out in the

report. That this was not done is of serious concern to the producers. While the Commission's work plan contemplated a final decision being developed by September 29, 2016, the producers have a serious concern based on the process and communications to date that the Commission has already made a decision not to regulate specialty hatching egg production beyond premise ID, food safety and biosecurity, without considering the input of the producers or any other industry stakeholder.

Failure to apply BCFIRB's 2005 specialty directions

11. More substantively, the producers are concerned that the decision of the Commission set out in the report is not consistent with and does not appear to take account of the policy framework and directions provided by BCFIRB as part of its 2005 Specialty Review.
12. While passing reference is made to the fact of BCFIRB's 2005 Specialty Review, the Commission appears to have made no effort to apply the policy framework set out in *Specialty Market and New Entrant Submissions: Policy, Analysis, Principles and Directions*, which provides that as a general matter "Specialty production and marketing should be managed using a distinct and restricted class of quota." (p. 7).
13. While it is contemplated in the Specialty Review that marketing boards and commissions will develop rules for personal use and small lot exemptions in the specialty sector, specific policy directions and principles are set out in respect of exemption (section 5.10) which also do not appear to have been considered or applied by the Commission.
14. The producers are of the view that a proper application of the policies and directions set out by BCFIRB in the 2005 Specialty Review would require that the Commission manage Silkie and Taiwanese hatching egg production using a distinct and restricted class of quota. Such a program should be designed in a manner that supports industry innovation, for example by making provision for new entrants and exemption for small lot producers, as further contemplated by the 2005 review, but creation of a specialty hatching egg quota class should be a starting point of regulation of this sector.

Supply management principles should apply

15. Supply management of agricultural products provides benefits to Canadian consumers as well as to those involved in the supply chain of regulated products. It ensures that Canadian market demand for agricultural products is met by local farmers while providing assurance to Canadian consumers as to the quality of agricultural products.
16. The Commission itself acknowledges the importance of supply management for the hatching egg sector. On its website, under the heading "What is Supply Management?", the Commission explains:

Starting the early 1970's the Canadian government realized that our market would be regularly oversupplied and this could trigger drastic reductions in producer prices. Supply Management is necessary to ensure Canadian farms can continue to contribute to our thriving nation.

Supply management has enabled hatching egg producers to become true partners with hatcheries and chicken growers.

Supply management enables provincial boards and commissions to regulate production and negotiate prices through the provincial governments. Stability of production and pricing has become invaluable to both producers and consumers. All pricing at the wholesale, supermarket or restaurant levels are not part of the supply managed pricing system. All hatching egg producers are paid at the farm gate only.

Today, six provinces have hatching egg marketing boards or commissions and work together in a joint body called 'Canadian Broiler Hatching Egg Producers' (CHEP).

Hatching egg production is regulated under supply management and this sensible approach to growth and expansion is much more environmentally friendly than the systems of other countries, where overproduction and concentration can be common. Thanks to supply management this serious concern is not the case in Canada.

Responsibility for supply is the cornerstone of supply management. The BC Broiler Hatching Egg Commission administers a quota system to ensure that BC Hatching Egg producers meet the required volume according to the National allocation system. BC's market share is 15.83% of the national system.

BC's Hatching Egg producers contribute 82.57% of the yearly provincial allocation and allow for 17.43% of domestic throughput for imports.

Managed Supply attributes to Partnerships between hatcheries and producers, is environmentally friendly by controlling overpopulation, and is a direct input from producers, working for producers.

(emphasis added)

17. The specialty hatching egg sector is no different from mainstream hatching eggs or other regulated products in terms of the potential benefits to industry participants and consumers (in this case specialty chicken growers) of a system of supply management. The producers are all of the view that sound marketing policy requires that the three pillars of supply management: control of imports, pricing and production, be applied to the specialty hatching egg sector.
18. While the Commission suggests in its most recent decision that the sector is operating effectively as an unregulated industry, the producers view is that the current unregulated state of the specialty hatching egg industry is unstable and unsustainable. While producers have made do in a state of uncertainty for some time due to the Commission's changing position with respect to regulation and lengthy decision-making process, it is the view of the producers that regulation is necessary in the specialty hatching egg industry in order to assure continued supply to specialty chicken producers.

19. While the specialty hatching egg sector has developed as a free market, the market is sufficiently large and tightly integrated with specialty chicken production (which is of course subject to supply management regulation by the Chicken Board) that sound marketing requires principles of supply management be applied to specialty hatching egg production.
20. To permit the industry to continue to operate outside of supply management and without import or production controls risks creating instability for the supply of specialty chicken growers: either underproduction of the particular breeds required or conversely an oversupply of specialty hatching eggs in the province for which no specialty chicken quota is available to grow chicken.
21. Similarly, a lack of pricing control for specialty hatching eggs in a situation where specialty chicken is subject to pricing control by the Chicken Board is not sound marketing policy and deprives those producing specialty hatching eggs of the benefits of supply management.
22. A contentious issue between the producers in the process to date has been the allocation of specialty hatching egg quota if such a system were implemented. That issue has now been resolved as between the five participating producers and all agree that it is in the interest of the industry that the specialty hatching egg sector be supply managed through the implementation of a specialty quota system, consistent with BCFIRB's directions in the 2005 Specialty Review.
23. The five participating producers propose that a class of specialty hatching egg quota be created and quota issued commensurate with each producers' 2015 specialty hatching egg production. The only other industry participant, K&R, is not a party to this submission but those who are have no objection to K&R being grandfathered at current (ie 2015) levels. For those producers who have been in operation for longer than ten years (including W. Friesen Enterprises), this quota should be fully transferable, upon Commission approval. To the extent additional production is required going forward to meet increasing needs of specialty chicken producers, the Commission should coordinate with the Chicken Board and an industry SMAC in determining what additional quota is required and how and to whom it should be issued in order to ensure the needs of specialty chicken growers and processors are met.

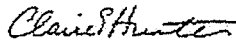
Conclusion

24. The lengthy process undertaken by the Commission since it first announced its intention to regulate (which decision it seems has now been abandoned) has caused and continues to cause great uncertainty in the specialty hatching egg industry, which is stressful to all industry participants. By way of example Mr. Friesen and Ms. Fehr, who have wished to retire for some time now, continue to be unable to accept an offer for sale of their specialty hatching egg operation due to the uncertainty of the status of the industry. The producers urge the Commission to regulate the specialty sector by creating a class of specialty quota, issuing quota as set out in our joint letter of April 6, 2016 based on 2015

production levels and creating an SMAC to advise on establishment of price controls and other aspects of regulation.

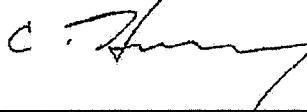
25. Alternatively, the producers would request that the Commission meet with all stakeholders as a matter of urgency, with the assistance of BCFIRB to facilitate the consultation, in order to ensure stakeholder concerns are properly taken into account prior to finalizing the decision set out in the report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 12th DAY OF JULY 2016



Claire E. Hunter

Counsel for Skye Hi Farms Ltd.,
Casey van Ginkel dba V3 Farms,
and Wilhelm Friesen & Lillian Fehr
dba W. Friesen Enterprises



Christopher Harvey, Q.C.

Counsel for Robert and Patricia Donaldson
dba Bradner Farms and Unger's Chick Sales
(1974) Ltd. dba Coastline Chicks



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July 18, 2016

VIA FAX & EMAIL

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File: 144799.0002

Affleck Hira Burgoyne LLP
700 - 570 Granville Street
Vancouver, BC, V6C 3P1

Farm Industry Review Board
780 Blanshard Street
Victoria, BC, V8W 2H1

Attention: Robert Hrabinsky

Attention: Gloria Chojnacki

Dear Sirs/Mesdames:

Re: K & R Farm Holdings Ltd.
Report of BC Hatching Egg Commission June 24, 2016
Joint Submission of certain Asian Breeder Producers

I represent K&R Farm Holdings Ltd.

My client received a report from the Commission dated June 24, 2016, followed by a submission made by Claire Hunter on behalf of certain Asian breeder producers.

My client does not seek the issuance of quota and full regulation of the specialty sector, as urged by other producers. K&R is content with the regulation of biosecurity, premises ID and food safety as the total intervention of the Commission in specialty sector.

However, my client does share the concern of the other producers that the Commission appears to have acted again in the absence of any consultation with the current participants in this sector. The Commission was heavily criticized by FIRB for failing to properly and meaningfully consult with the specialty sector. Yet, the Commission appears to have learned nothing from that experience.

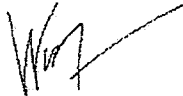
The sector is small, just six producers. There is no reason why the Commission could not have met with this group when addressing the issues articulated in its report dated June 24, 2016. Consultation is not adequate if it occurs after the decision is made. The Commission ought to meet with all the producers before formulating its decision, and then base its decision on that input from the producers. This has not occurred, and represents a continuing failing of the Commission.

K&R agrees with the other producers that the Commission needs to meet with all stakeholders urgently, with the assistance of FIRB, in order to ensure that stakeholder concerns are taken into account prior to finalizing the decision as set out in the Commission's June 24 report.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in black ink, appearing to be 'WAB', with a long horizontal stroke extending to the right.

Wendy A. Baker, Q.C.
WAB/ajb

Encl.

The logo for Miller Thomson, consisting of the letters 'M' and 'T' in a stylized, bold, sans-serif font. The 'M' is larger and the 'T' is smaller, positioned to the right of the 'M'.



British Columbia Broiler Hatching Egg Commission
180 – 32160 South Fraser Way
Abbotsford, BC V2T 1W5
By email: stephanie@bcbhec.com

July 22, 2016

RE: Commission recommendation report on Asian Breeder producers June 24, 2016

Dear Ms. Nelson,

Thank you for the opportunity to comment and provide feedback on the above noted report. The directors of the BC Chicken Marketing Board reviewed and discussed the report at its regularly scheduled meeting on July 18, 2016 and has a number of observations and comments.

You have quoted Section 134 of the BCFIRB decision in the Skye Hi/V3 decision which relates to the pricing of specialty chicks. At present, the role played by the BCCMB in this process is restricted to the collection of chick pricing data from individual hatcheries by Serecon for the purpose of updating the periodic cost of production for TC and silkie chickens. The BCCMB regulates the number of these birds that are produced under the CFC Specialty Chicken Program under specialty quota in the amount requested and committed to by processors on a period by period basis. The question posed by BCFIRB "should the Commission directly regulate the amount of production of Asian breeders, eggs or chicks and their price or should the Chicken Board indirectly regulate these components through its regulation of specialty chicken" is unclear. The BCCMB has not had chick pricing authority in its Scheme since the late 1980's and the term "indirectly regulate" would require an explanation and understanding between our two organizations.

In section 7 of your document you refer to the BCCMB Specialty Markets Advisory Committee (SMAC) as a possible venue for discussions by the specialty breeder sector. This could be the case in general terms, but the BCCMB is not prepared to ask the SMAC to address the current issues in the specialty breeder/hatchery/chick sector without a clear understanding of the rules of engagement and expected outcomes.

I would be happy to discuss these issues further at your convenience.

Thank you for your attention to this matter.


B. Vanderspek
Executive Director
BRITISH COLUMBIA CHICKEN MARKETING BOARD

c.c. W. Gorsuch, BCFIRB

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BRITISH COLUMBIA CHICKEN MARKETING BOARD

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BC Broiler Hatching Egg Producers' Association
PO Box 191
Abbotsford, BC V4X 3R2

July 23, 2016

VIA EMAIL

Stephanie Nelson, Executive Director
BC Broiler Hatching Egg Commission
#180-32160 South Fraser Way
Abbotsford, BC V2T 1W5

Dear Stephanie,

RE: COMMISSION'S RECOMMENDATION REPORT

The BC Broiler Hatching Egg Producers' Association is in favor of the Commission's recommendation report on Asian Breeder Producers, dated June 24, 2016.

Although this is a reversal of their previous decision to regularize the Asian Breeder sector through the allotment of quota, we see this as a simplified, clean decision that meets nearly all SAFETI standards, and includes no further involvement of the Commission apart from enforcement of Food Safety, Biosecurity, and Premise ID.

Noted above is that the decision meets "nearly" all SAFETI standards. Of concern to the BCBHEPA is the absence of any recognition of cost coverage for the enforcement of the programs noted above, or that of cost recovery. In fact, we are extremely disappointed in all parties involved in this process - Asian Breeder producers, BCFIRB, and the BCBHEC - that there has been virtually no recognition of who is bearing the financial burden of this undertaking; that is, regularized BC Broiler Hatching Egg Producers who have purchased quota, built farms, pay levies, and participate in Food Safety, Biosecurity, and Premise ID programs. For some reason, for the past decade, hatching egg producers have essentially footed the bill, easily in the tens of thousands of dollars, for the undertaking of regulating a tiny industry of a few producers that has next to no relation to our industry other than a hatching egg is produced. There are people in BC who hatch pigeons, pheasant, quail, and who even hatch falcons! Should regularized hatching egg producers be responsible for footing the bill to regulate them too? There is no common sense there.



We hope that any further decisions and work done, by all parties, in regards to Asian Breeder Hatching Egg Producers, will keep in mind that any cost born by the Hatching Egg Commission regarding the aforementioned is cost born by regularized BC Broiler Hatching Egg Producers. We hope that implementation of any programs will be cost neutral, but ideally, will involve compensation to Hatching Egg Producers, thus fulfilling the aspects of Fair and Accountable, and to take it one step further: Sustainable.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Brandsma". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bryan Brandsma, President
BC Broiler Hatching Egg Producers' Association