

BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

Supervisory Review Re:

Chicken Operating Agreement Amendments

SUBMISSIONS OF THE BRITISH COLUMBIA CHICKEN MARKETING BOARD

1. The “compelling desirability of a national marketing plan for agricultural products like chicken”¹ has long been recognized by the courts of this province as well as all industry participants in British Columbia and across the country.
2. Notwithstanding agreement as to the desirability of such a plan, maintaining buy-in from all stakeholders across the country for such an operational agreement has proven more difficult in practice than in theory. From time to time, various provincial stakeholders – including at one time British Columbia – have become sufficiently dissatisfied that they have withdrawn from cooperative national agreements in respect of domestic allocations.
3. In 2001, a bottom-up system of domestic allocation was formalized through the Federal-Provincial Agreement on Chicken with wide-spread industry support, including in British Columbia, who re-entered the FPA as a signatory province at that time.
4. While the bottom-up system initially provided for market driven differential growth of the nature the processors in their submission say they want, for many years this system has become unworkable, in large part due to the failure of processors – including in British Columbia since 2010 – to supply provincial market requirements to their respective chicken boards.
5. The practical abandonment of the bottom-up system in favour of effectively a pro rata allocation has not overly disadvantaged British Columbia, which presumably explains in some part why BC processors continued to effectively sit on the sidelines of the allocation process over the past 6 years, notwithstanding the Chicken Board’s repeated attempts to reengage them in the process of providing provincial market requirements. However, the manner in which the domestic allocation evolved did significantly disadvantage Alberta, leading to a breakdown in the consensus that had emerged with the signing of the original FPA and operating agreement and resulting in an extended period of national negotiation to attempt to re-establish a consensus that would permit Alberta to rejoin a national cooperative domestic allocation system.

¹ *Hallmark Poultry v. B.C. Marketing Board Registry Vancouver*, 2000 BCSC 569 at para. 26.

6. Contrary to the suggestion of the BC processors in PPPABC's submission that they were excluded from the process of this negotiation over the many years in which it proceeded, the Chicken Board took pains to consult repeatedly and at length with all industry stakeholders, including processors.
7. This consultation with industry in British Columbia took place through many mechanisms but perhaps most prominently through the PPAC, which includes both grower and processor representatives. The growers, in the submission of the BCCGA, acknowledge that they were adequately consulted and that the resulting consensus agreement is in the best interests of British Columbia's chicken industry. The processors in an attempt to re-write history at this late stage, do not.
8. The negotiation of the current proposed amendments to the operating agreement was hard fought and the Chicken Board took positions consistent with the feedback it received from the industry in British Columbia, including processors. The processors were given opportunities to participate fully in the negotiations but were unable to achieve consensus, even among processors nationally, on their favoured allocation methodology, and at important points in the negotiation—most notably when the Domestic Regional Allocation plan was to be discussed by CFC—abdicated their responsibility to participate entirely.
9. The Chicken Board's view is that it is in the interest of British Columbia's chicken industry to be a full participant in the new national consensus that has emerged from a long and hard fought negotiation. There are many advantages for British Columbia to national cooperation and in particular to Alberta's return to the national domestic allocation.
10. As in any negotiation there were points on which all parties were required to compromise in order to reach consensus and British Columbia – like all parties – made such compromises. But in the considered view of the Chicken Board the benefits to participation in the proposed operating agreement outweigh any such compromises. The attempt of the BC processors to scuttle this agreement, having significantly contributed for the need for the development of a new operating agreement, should not be countenanced by FIRB and the Chicken Board's request for permission to sign onto the amended operating agreement should be granted.
11. Pursuant to the February 9, 2016 directions and schedule of the British Columbia Farm Industry Review Board ("FIRB"), the British Columbia Chicken Marketing Board (the "Chicken Board" or the "BC Board") provides a response to the stakeholder submissions in respect of the following issues:
 - (a) Compliance of the proposed amendments with application legislative requirements
 - (b) Consultation with stakeholders, including the PPPABC
 - (c) The Differential Growth issue raised by the PPPABC
 - (d) Allocations subsequent to the signing of the Memorandum of Understanding

(e) Specific Responses to the PPPABC's Submissions

(f) Proposed process for the conduct of the Supervisory Review.

12. The within submissions are supplementary to the analysis set out in the Chicken Board's January 6, 2016 Schedule 15 Board Decision to request to FIRB leave to sign the amended CFC Operating Agreement ("Schedule 15") as well as the submissions made by the Chicken Board to date in this Supervisory Review.

A. Amendments Comply with Governing Legislation, Regulations and Agreements

13. The Primary Poultry Processors Association of BC ("PPPABC") take the position in their February 26, 2016 submission that the proposed amendments fail to meet the requirements of the federal *Farm Products Agencies Act*, the *Chicken Farmers of Canada Proclamation*, as well as the *BC Chicken Marketing Scheme, 1961* because the proposed amendments do not "promote orderly marketing" or "represent sound policy for BC".²

(i) Compliance with federal requirements and potential implications of Trans-Pacific Partnership trade agreement

14. With respect to compliance with federal requirements, the Chicken Board adopts the submissions of the Chicken Farmers of Canada ("CFC") set out at paragraphs 47 – 52 of their submission.
15. Similarly, the Chicken Board adopts the submissions of CFC in respect of the impact of international trade issues, including the recent Trans-Pacific Partnership trade agreement ("TPP") on the proposed operating agreement at para. 53 – 56.
16. While the precise impact of the TPP in respect of the chicken industry, if ratified, is unknown beyond the volume of the chicken Canada will be required to import, it is not anticipated by the Chicken Board that the implementation of the TPP would have an impact on the methodology of the domestic allocation, which is the subject of the proposed amendments to the operating agreement.

(ii) Compliance with the BC Chicken Marketing Scheme

17. With respect to compliance with the *BC Chicken Marketing Scheme, 1961*, B.C. Reg. 188/61, that Scheme provides the Chicken Board with broad powers within the Province to "promote, regulate and control in any and all respects, to the extent of the powers of the Province, the production, transportation, packing, storing and marketing, or any of them, of the regulated product, including the prohibition of such transportation, packing, storing and marketing, or any of them, in whole or in part, and shall have all powers necessary or useful in the exercise of the powers hereinbefore or hereinafter enumerated"³.

² PPPABC Submission at p. 3.

³ *British Columbia Chicken Marketing Scheme, 1961*, Appendix Tab 1, at section 4.01.

18. The purpose of the Scheme, as PPPABC points out is “to provide for the effective promotion, control and regulation, in any and all respects and to the extent of the powers of the Province, of the production, transportation, processing, packing, storage and marketing of [chicken]” in British Columbia.⁴
19. Pursuant to section 4.02(3), the Chicken Board requires the prior approval of FIRB to enter into or amend an agreement with the federal board, which approval was sought by the Chicken Board and has resulted in this Supervisory review.
20. The PPPABC’s only stated objection to the proposed amendments’ compliance with the applicable legislative and regulatory requirements is that the proposed amendment is not effective or consistent with orderly marketing or sound marketing policy. The Chicken Board has already, in its Schedule 15, set out the SAFETI⁵ analysis that it relied on in determining that the adoption of the current proposed amendments to the operating agreement constitute sound marketing policy for British Columbia. To the extent the PPPABC submissions raise specific objection to that SAFETI analysis, the Chicken Board’s response is set out below and relevant documents in support of its position are attached to this Submission in an appendix.

B. Consultation with Stakeholders

21. Contrary to the suggestion of the PPPABC that processors were not adequately consulted, as set out in the Schedule 15, there has been extensive consultation with all stakeholders, including processors, over the lengthy period of negotiation of the agreement at issue in this review.
22. As set out in the Schedule 15, all industry stakeholders, including the PPPABC were consulted and kept apprised during the process of negotiating the new allocation agreement and their feedback was taken into account by the Board.⁶ Throughout the process of negotiating the agreement, the Board regularly communicated its progress to industry stakeholders throughout the process via (1) meetings with individual processors, (2) monthly board reports to industry, (3) meetings with BCCGA and PPPABC respectively, (4) PPAC and SMAC meetings, (5) BCCGA Director meetings, and (6) Regional Grower meetings.⁷
23. The Chicken Board adopts the submissions of the Chicken Farmers of Canada at para. 22 – 33 and para. 58 of their March 18, 2016 submission in respect of the general

⁴ *Ibid.*, at section 2.01.

⁵ Strategic, Accountable, Fair, Effective, Transparent and Inclusive

⁶ January 6, 2016 Schedule 15 Board Decision to request to FIRB leave to sign the amended CFC Operating Agreement, at p. 5 (“Inclusive”)

⁷ *Ibid* at p. 5 (“Transparent”)

consultations with industry, including processors, and the emerging consensus around the draft agreement.

24. With respect to additional consultation more specific to British Columbia processors, attached to this Submission are minutes of various meetings of the PPAC, which includes processor representation, that reflects information being conveyed to and feedback being solicited by the Chicken Board from the PPAC.⁸ Minutes and notes of certain additional meetings with BC processors from 2011 - 2015 are also attached.⁹ A description of some additional consultations conducted by Western chicken boards with Western processors in 2013 and 2014 is set out in the submissions of the Alberta Chicken Producers.¹⁰
25. The BCCGA in their submission confirms that the Chicken Board sufficiently and meaningfully consulted them during the process of negotiating this agreement.¹¹ The same is true of the PPPABC and its members.

C. The Differential Growth Issue

26. The main thrust of PPPABC's submission and the relief it seeks in this Supervisory Review relates to the issue of the merits of the differential growth methodology set out in the proposed amendments to the operating agreement and whether the Differentiated Regional Allocation proposal made by the Western processors should be included in the methodology.
27. There are two assumptions made by the processors in advancing this position, both of which are faulty.

(i) The differential growth model proposed does not disadvantage BC

28. The first is that British Columbia would receive a higher allocation on a bottom-up or pro rata growth formula than it will receive using the model of differential growth allocation proposed and that accordingly the agreement "disadvantages BC".¹²

⁸ See, e.g., Minutes of Pricing and Production Advisory Committee (PPAC) September 5, 2012, Appendix Tab2, p. 2-3; January 17, 2013, Appendix Tab 3, p. 4; May 8, 2013, Appendix Tab 4, p. 2-3; September 19, 2013, Appendix Tab 5, p. 4; November 14, 2013, Appendix Tab 6, p. 2-3; April 16, 2014, Appendix Tab7, p. 4; December 16, 2014, Appendix Tab 8, p. 1-2; February 19, 2015, Appendix Tab 9, p. 4-5.

⁹ Notes from Meeting Between Board and BC Processors Respecting Differential Growth, August 16, 2011, Appendix Tab 11; Notes from Meetings May 3, 2012 Between Board and BCCGA and PPPABC, Appendix, Tab 12; Notes from Meeting November 19, 2012 Between Board and PPPABC, Appendix, Tab 13; Notes of Joint Meeting of BCCMB/SMAC/PPAC on April 18, 2013, Appendix Tab 14; Notes: Western Board Meeting with Processors, May 29, 2015, Appendix Tab 15.

¹⁰ See, Alberta Chicken Producers Submission at Appendix B.

¹¹ BCCGA Submission, March 18, 2016 at p. 1

¹² See, e.g., PPPABC Submission at p. 11.

29. This issue, while apparently central to the processors concerns as articulated in the PPPABC's submission, seems to be substantively something of a red herring as the processors' assumption that the proposed differential growth model will materially decrease British Columbia's allocation is faulty.
30. The Chicken Board's view in this regard is informed by a report prepared by Ference & Company Consulting, at the Chicken Board's request, which compares projected allocation growth using the current different growth formula with continuation of the pro rata allocation. A copy of this report is attached as an Appendix to this Submission.¹³
31. The key finding of the report is that:

there does not exist a significant difference between the future estimated volumes of allocation growth in BC using the current differential growth formula to that using pro-rata (i.e. BC share of the national base). . . During the ten year period from A-138 to A-209, total domestic allocation for BC is projected to be 1.894 billion kilograms during this period based on pro-rata. During this ten year period, BC's share of the national allocation is projected to be 14.16% based on the current differential growth formula which is slightly less than BC share of 14.21% based on pro rata.¹⁴

(ii) The current model is not working

32. The second faulty assumption on which the PPPABC's submission appears to be premised is an assumption that the "method in the current operating agreement for setting market responsive allocations is sound and should be maintained as it was originally intended"¹⁵, implicitly suggesting that the current model of determining differential growth is working effectively.
33. This assumption is faulty due in part to the conduct of the processors themselves in failing to provide the necessary information to the Chicken Board to permit a bottom-up process to operate effectively.
34. As the CFC noted in its submission, for a number of years, chicken boards in some provinces, including in British Columbia since 2010, have had significant difficulty in identifying market requirements under the bottom-up approach to allocation because of a refusal by processors to supply market requirement information to the boards.¹⁶

¹³ *Comparison of Projected Allocation Growth Using Current Differential Growth Formula to Pro Rata Allocation*, Report Prepared for British Columbia Chicken Marketing Board, March 21, 2016, by Ference & Company, Appendix Tab 16.

¹⁴ *Ibid* at p. 1 ("Key Findings")

¹⁵ PPPABC submission at p. 8

¹⁶ See CFC Submission, March 18, 2016 at p. 5, para. 16

35. Notwithstanding the processors' failure to supply market requirement information to the Chicken Board, in each period the Chicken Board has continued to seek information from the processors about market requirements.¹⁷ These letters were not responded to and the Chicken Board has been operating, and making allocation requests of CFC, in the absence of reliable information from processors about market needs since approximately 2010.
36. The persistent failure of the processors to fulfill their responsibilities to provide information about the provincial market to the Chicken Board contributed to the frustration of the current operating agreement, forcing all stakeholders to participate in the long and difficult negotiation leading to the current proposed changes. In these circumstances, the processors' late in the day attempt to return to the bottom up methodology in the current operating agreement is disingenuous.
37. The reality is that the bottom-up system has not been workable for some time and the system has been operating largely on a pro rata basis. This has been problematic from the perspective of the Farm Products Council of Canada who have expressed concerns about the current operating methodology, including about the incompatibility of a pro rata allocation with the statutory requirement to consider comparative advantage in the allocation process.¹⁸
38. If the current operating agreement were functioning effectively, neither the Chicken Board nor other provincial stakeholders would have needed to participate in the lengthy and difficult negotiation that led to the current national consensus. The need for amendments to the current operating agreement was driven by the widespread view that the current model was broken, illustrated by the withdrawal of Alberta from the national plan. Responsibility for that state of affairs in the Chicken Board's view rests in part with the BC processors but whatever the reason, the Chicken Board agrees with the sentiment by the FPCC and quoted in CFC's submission that the "status quo is not an option!"¹⁹

(iii) The processors failed to engage in the process to advance the DRA model

39. Moreover, PPPABC's submission in respect of their inability to effectively advance their proposed Differentiated Regional Allocation model is disingenuous and arguably misleading in light of the history of this proposal. PPABC submits in respect of this proposal as follows:

The Western processors attempted to put forward a solution for market responsiveness, which was titled "Differential Regional Allocation". This set out a workable proposal allowing for a region to allocate up to a maximum of 3% to

¹⁷ See Letters from Chicken Board to processors for A-100 – A-136 periods, collectively at Appendix, Tab 17

¹⁸ See CFC Submission at p. 5-6, para. 18-19.

¹⁹ CFC Submission at p. 9, para. 25

address market responsive needs. However, because the processors had been excluded from negotiations on the proposed agreement, they were not able to advance this proposal before positions became entrenched. Once the MOU was signed in July 2014 it became virtually impossible to implement the kind of changes the Western processors needed for the agreement to be workable.²⁰

40. This submission implies—falsely—that the processors had been excluded from negotiations on the proposed agreement prior to July 2014 making it impossible for the processors to have advanced their position in respect of differential processing earlier.
41. In fact, discussion and consultation on the differential growth issue between the Chicken Board and BC processors occurred as early as August 2011.²¹ In September 2012, the Chicken Board and BC stakeholders, including processors, were working together to analyze the various proposals with respect to models of distribution in growth of allocation and the perspectives of individual processors were actively sought.²² Throughout 2013 and through the spring of 2014, the Chicken Board provided updates on discussions and solicited and received feedback from industry participants, including processors, about potential differential growth models being discussed in respect of the proposed amendments to the operating agreement.²³
42. While the BC processors continued to express dissatisfaction with the various differential growth models proposed, they failed to present any concrete alternative proposal until many years into these negotiations. Ultimately, but not until after the MOU had been signed, the western processors developed the Differentiated Regional Allocation proposal to present to CFC. In May 2015, the PPPABC advised the western boards including the BC Chicken Board that they “agree to the contents of the existing MOU. . .with the inclusion of the DRA”.²⁴ When processors asked the western boards, including the Chicken Board, to support the DRA proposal—contrary to the implication of the PPPABC in this Supervisory Review that the Chicken Board was unwilling to consider their perspective and input in this regard—the Chicken Board agreed to support the Differentiated Regional Allocation proposal when it was presented to CFC.

²⁰ PPPABC submission at p. 8

²¹ Notes from Meeting Between Board and BC Processors Respecting Differential Growth, Appendix Tab 11.

²² See PPAC Minutes of September 5, 2012 at p. 2 – 3 reflecting that the Chicken Board advised PPAC they were having proposals with respect to differential growth analyzed by a 3rd party and had retained D. Ference to work on a comparative advantage document for BC. At this time the PPAC Minutes reflect that “Processors requested that the BC comparative advantage study being done by D. Ference be given priority to be completed quickly” and the “GM noted that processor input would be needed to assist in the completion and D. Ference will be contacting them for assistance”.

²³ See, e.g., PPAC Minutes, January 17, 2013, Appendix Tab 3, p. 4; May 8, 2013, Appendix Tab 4, p. 2-3; September 19, 2013, Appendix Tab p. 4; November 3, 2013, Appendix Tab 5, p. 2-3

²⁴ Minutes of Western Boards & Western Processors Meeting – May 29, 2015, Appendix Tab 15 at p. 2.

43. In one of the more perplexing episodes in the history of this negotiation process, following the Chicken Board's advice that they would support the processors' proposal at the September 2015 CFC meeting when it was to be presented, the processor representative who was to speak to the DRA proposal failed to appear at the CFC meeting, leaving the proposal instead (without advance notice) to be presented to CFC by Mr. Vanderspek, Executive Director of the Chicken Board.
44. Notwithstanding the lack of notice and the lack of commitment to the process demonstrated by the processors by their failure to ensure their representative appeared at the meeting to speak to the proposal, Mr. Vanderspek spoke in favour of the processors' DRA proposal. Despite his efforts, the DRA was not accepted as a viable proposal at the CFC table.
45. While the PPPABC attempts to portray the Differential Regional Allocation proposal as a "workable proposal" that would have gained traction but for the exclusion from the process, as noted by the Chicken Farmers of Saskatchewan, it faced opposition from the Canadian processor community more broadly and ultimately its chances for success floundered when "the Western Canadian processors who supported this initiative failed to participate in the Chicken Farmers of Canada meeting when this option was to be presented" leading to a "strong understanding that achieving an agreement different from the existing amendments to the Operating Agreement was simply not possible".²⁵
46. The Chicken Board agrees with the submission made by the Alberta Chicken Producers in respect of this rather remarkable episode that:
- The Western chicken boards were disappointed by the processors' abdication from presenting at the September CFC meeting and lack of ownership in this process.²⁶
47. Notwithstanding its willingness to support the processors Differential Regional Allocation proposal at the eleventh hour (including Mr. Vanderspek's speaking in favour of the proposal when the processors failed to do so), the Chicken Board also agrees with the disappointment expressed by CFC in its submission:

that British Columbia processors have waited until a deal was finalized to complain that their concerns were not addressed, and have waited until now to identify concerns with two of the components of the methodology, components that have been included in all proposals since February 2013.²⁷

D. Allocations Pursuant to Memorandum of Understanding

²⁵ Chicken Farmers of Saskatchewan submission, March 18, 2016, p. 1.

²⁶ Alberta Chicken Producers in their submission at p. 3 (*see also* Appendix B)

²⁷ CFC submission at p. 15, para. 42

48. The processors complain in their submission that they have “serious concerns” about allocations having been made pursuant to the new operating agreement since the A-127 period, following the execution of the Memorandum of Understanding in July 2014²⁸, while admitting that there have been increases in allocations since A-127, which is said to be “not indicative of a true trend”²⁹.
49. The complaint by the processors about allocations during the post A-127 period is not consistent with the feedback the Chicken Board has received from the BC processors through the PPAC over the course of the year, which was to the effect that processors were satisfied with the level of allocations during this period, and to the extent they expressed fears about declines in allocation going forward, these were related to anticipated market changes. For example, the minutes of the November 24, 2015 PPAC meeting reflect the following:
- BC Processors indicated that it has been a good year for volume, the higher than normal allocations have been helpful. Due to high beef and pork prices, chicken has been filling the void. Processors do not expect this trend to continue and fear a correction in the market in the near future. Processors indicate that supply is still tight on any given day for meeting the fresh market.³⁰
50. Moreover, while complaints by certain stakeholders (notably not including BC processors, whether through PPPABC or otherwise) against Chicken Farmers of Canada in respect of the MOU allocation methodology being employed in the A-127 and A-133 period were considered by the Farm Products Council of Canada Complaint Committee, those complaints were found by the committee to be without merit.³¹
51. As a practical matter, given the processors’ refusal to provide reliable information to the Chicken Board in order to permit it participate effectively in the bottom-up process contemplated by the current operating agreement and the expression of satisfaction by the processor representatives on PPAC of the 2015 allocations, it is difficult to understand the foundation of any complaint at this stage by the processors in respect of the process by which allocations were made during this period.

E. Specific Comments on Submissions of PPPABC

²⁸ PPPABC submission at p. 3

²⁹ PPPABC submission at p. 5

³⁰ Minutes of Pricing and Production Advisory Committee (PPAC) November 24, 2015, Appendix, Tab 10.

³¹ *Complaint Committees Final Report and Recommendations In the Matter of the Inquiry into the Complaint by the Canadian Poultry and Egg Processors Council, the Further Poultry Processors Association of Canada and Restaurants Canada Against the Chicken Farmers of Canada Concerning the Quota Allocation Set for Period A-127*, September 2014, Appendix Tab 18; *Complaint Committees Final Report and Recommendations In the Matter of the Inquiry Into the Complaint by the Agri-Food Council of Saskatchewan Against Chicken Farmers of Canada Concerning the Quota Allocation Set for Period A-133*, September 2015, Appendix Tab 19.

52. The Submissions of the PPPABC do not accurately reflect either the process by which these amendments have been negotiated or the impact on British Columbia of the proposed changes. Some of these inaccuracies are best understood by reference to the specific assertions by the PPPABC. This Reply Submission will identify a few of the more obvious statements that are inaccurate or misleading.
- (i) “over time CFC stopped making allocations which reflected market growth in the West. The Western provinces consistently requested in their allocations to reflect market growth in the West. CFC by a double majority stopped accepting allocation increases in the West ...” – p. 2, para 2-3
53. This is misleading in a couple of respects. Some of the Western processors may have requested domestic allocations, but since 2010, the B.C. processors have not been prepared to provide *any* domestic allocation request to the BC Board or to the CFC. If the original intent of the Operating Agreement has not operated in a manner the BC processors anticipated, the BC processors are in no position to complain. By refusing to provide domestic allocation requests for six years, they have made it impossible for the BC Board to request a domestic allocation for B.C. that reflects their views. Secondly, it is not the case that CFC has “stopped accepting allocation increases in the West.” The allocations have generally been *higher* than the CPEPC requests, and B.C. has consistently received an allocation greater in percentage terms than its population.
- (ii) Central Canada has increased its supply share through imports (TRQ and spent fowl) leading to a “rise in the supply imbalance which ultimately caused Alberta to withdraw from the national system.” – p. 2, para. 4-5
54. TRQs and spent fowl are not part of the domestic allocation program. Any processor can purchase spent fowl and TRQs are held by all processors and can be used in any province. The BC Board recognizes that for historic reasons a high percentage of traditional TRQ’s are held in Central Canada. All processors are eligible for a portion of TRQ based on the previous year’s production. The “supply imbalance” was an imbalance for Alberta not B.C. It did cause Alberta to leave the national plan. The amendments to Operating Agreement, if approved, will bring them back in, to the benefit of all, but particularly Alberta’s neighbouring province, British Columbia.
- (iii) The MOU has been used to set allocations since A-127, although it is not compliant with the current operating agreement. “In participating in allocations made contrary to the operating agreement, and by complying with the MOU, the Chicken Board has acted in a manner contrary to s. 4.02(3) of the Chicken Scheme which prohibits the Chicken Board from entering into or amending an agreement with the federal board without the prior approval of FIRB.” – p. 2, para. 6-7; p. 3, para. 7
55. All of the allocations since A-127 have been approved by the FPCC and in most cases have been unanimous, including the CPEPC. The purpose of the amendments to the operating agreement is to bring Alberta back into the national program, to resolve a difficulty with FPCC concerning the absence of comparative advantage considerations in the allocation process and to ensure that allocations are made in compliance with the

Operating Agreement. The BC Board has not amended the agreement with the CFC – that is the point of the current request to FIRB.

(iv) “The proposed changes introduce considerations which are not relevant to the principle of comparative advantage of production, namely considerations of the consumer price index and the GDP.” – p. 3, para. 2

56. Other interveners have expressed their dissatisfaction with this last minute complaint about the comparative advantage factors that are included. GDP is a proxy for potential demand, and CPI has a similar effect. It is also noteworthy that the Further Processing component, which the BC processors do not mention, was sought by the BC Board and will advantage British Columbia because of its further processing industry.

(v) “Nothing has changed in terms of the need for BC to set its allocation based on the needs of its processors.” – p. 3, para. 5

57. But the processors have refused for six years to tell the BC Board what those needs were.

(vi) “The proposed changes will be inconsistent with the Western Allocation Settlement Agreement.”

58. As the Alberta Chicken Producers have pointed out, the Western Allocation Settlement Agreement was “simply a tool to bring the western provinces into compliance with the regional range when submitting numbers to the CFC.” It has never been used for the determination of domestic allocation.

(vii) “Increase in production to Ontario at the expense of BC” – pp. 4-5

59. The statement of the BC processors that “Ontario was fully supplied” is unsupported by any data. Furthermore, the transfer of kgs from B.C. to Ontario relates to future growth, not current production, and takes place over ten years. This was one part of a lengthy negotiation that was necessary to achieve agreement nationally. The impact on B.C. is greatly overstated by the BC processors. This overstatement is exacerbated by the use of terms such as the “Western supply share”. The B.C. supply share of 14.1% under the new allocation methodology will continue to exceed its share of the national population of 13.5%.

60. B.C. does take a small decrease under this approach, but that has to be measured against the advantages B.C. obtained when the CFC agreed that specialty chicken could be the subject of a separate allocation. B.C. is the largest producer in Canada of specialty chicken. A national program requires give and take to succeed and B.C. comes out well, notwithstanding a small transfer of future production to Ontario (whose allocation continues to be less than its percentage of population in Canada).

(viii) “Increase in allocations since A127 is not indicative of true trend.” – p. 5

61. There is no factual foundation for the assumptions in this section of the BC processors’ Submissions. The impact on BC’s competitive position under the period of pro rata

increases is not possible to ascertain since the processors have refused to provide allocation requests to the BC Board. What can be said is that BC production continues to be above the share of population in Canada.

- (ix) "BC processors disadvantaged against Ontario." – pp. 5-6
- 62. Because the BC processors never supplied allocation requests, it is not possible to assess their position relative to Ontario processors. The anecdotal nature of the assertions in the BC processors Submission cannot be relied on, and the effect of further processing in the respective provinces requires more than bald assertions.
- (x) "Differential growth factors are inappropriate" – pp. 6-7
- 63. Comparative advantage involves more than just production costs. The elements to be included represent a reasoned assessment of factors to be taken into account involving market as well as cost considerations.
- (xi) "Market responsiveness and consumer interests are not addressed.... The allocation method in place since A127 has seen increased production in high cost jurisdictions which do not have the markets to support such increases." – pp. 7-8
- 64. This assertion is both unsubstantiated and inaccurate. Under the new process, eight of the ten provinces receive somewhat less in future growth, while Alberta and Ontario receive somewhat more than they would have received under pro rata. Both of these provinces have an allocated supply share less than their population share. The example of Newfoundland is inapposite. Newfoundland would receive a greater share of allocation under pro rata than it will receive under the new process.
- (xii) "The Western processors attempted to put forward a solution for market responsiveness, which was titled "Differentiated Regional Allocation." ... However, because the processors had been excluded from negotiations on the proposed agreement, they were not able to advance this proposal before positions because (sic) entrenched." – p. 8, para. 3
- 65. As previously detailed, the Western processors were not excluded from this process at all. They did put forward a "Differentiated Regional Allocation" proposal and the BC Board supported it. But when it was time to present the proposal to the CFC, the Western processors were nowhere to be found, leaving the BC Board to present the processors' proposal to CFC. It cannot be open to the BC processors to complain about the failure of CFC to adopt their proposal when they did not even show up at the meeting to consider it.
- (xiii) Relief Sought
- 66. The allocation methodology contemplated in the original operating agreement has not been effective for a number of reasons, not the least of which is the refusal of the BC processors to provide the allocation requests necessary to begin the "bottom up" process. Furthermore, the original operating agreement did not contain comparative advantage elements, jeopardizing the pre-approval process by the Farm Products Council of Canada. The new formula-based proposal provides an objective measure of comparative

advantage that should allow differential growth in a manner that will be to the advantage of British Columbia. It also permits the re-entry of Alberta into the national program, which advantages everyone, but particularly B.C.

67. The BC Board was supportive of the Differential Regional Allocation and has no objection to its utilization. However, the BC processors failed to follow through on the proposal when it was put forward. The processors having missed that opportunity, it would not be reasonable for British Columbia now to break apart a consensus that has taken the better part of ten years to develop.

F. Process for Supervisory Review

68. The PPPABC has requested that FIRB hold an oral hearing “to fully engage on these important issues, and to provide the parties with a full opportunity to present the information and evidence necessary for FIRB to properly review the issues raised”.
69. The Chicken Board has no objection to an oral hearing but wishes to ensure, particularly given the number of parties who have expressed interest in intervening if an oral hearing is heard, that any hearing be conducted in an orderly manner that permits parties to present their evidence and FIRB to question any witnesses about their evidence.
70. The Chicken Board agrees with the submission of the Chicken Farmers of Canada that it is important that if an oral hearing is to be conducted that a process be established for exchange of any documents or other evidence that parties intend to rely on well in advance of the hearing.³² Given the nature of the subject matter, the sophistication of the parties involved, and the fact that this is a supervisory review and not an appeal, it is not, in the Chicken Board’s view, necessary that any oral hearing be adversarial in nature.
71. If FIRB is inclined to hold an oral hearing in respect of the supervisory review, the Chicken Board would propose that the parties deliver and exchange evidence in affidavit form, including all documentary evidence, in advance of the dates set for the hearing, that parties have an opportunity if necessary to file rebuttal evidence following the receipt of the evidence of other parties, that cross examination at the oral hearing be confined to questioning by FIRB of the witnesses who have filed affidavit evidence and that the parties have an opportunity following conclusion of FIRB’s questioning of the witnesses to make any closing submissions.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated: March 31, 2016



John J.L. Hunter, Q.C.

³² See March 18, 2016 cover letter of Mike Dungate, Executive Director, Chicken Farmers of Canada, at p. 2

TAB 1

B.C. Reg. 188/61
O.C. 3093/61

Natural Products Marketing (BC) Act
**BRITISH COLUMBIA CHICKEN
MARKETING SCHEME, 1961**

Note: Check the Cumulative Regulation Bulletin 2015 and 2016
for any non-consolidated amendments to this regulation that may be in effect.

[Includes amendments up to B.C. Reg. 86/2015, May 25, 2015]

Link to Point in Time

Contents

Division 1 — Interpretation

- 1.01 Scheme name
- 1.02 Definitions

Division 2 — Purpose and Application

- 2.01 Purpose of scheme
- 2.02 Application of scheme

Division 3 — Name and Constitution of the Board

- 3.01 Board continued
- 3.02 Board members
 - 3.02.1 Board remuneration
 - 3.02.2 Rules for election of board members
- 3.03 Register of Growers
- 3.04– Repealed
- 3.07
- 3.08– Spent
- 3.09
- 3.10– Repealed
- 3.14
- 3.15 Annual general meeting
- 3.16 Other meetings
- 3.17 Election of auditor
- 3.18 Minutes of meetings
- 3.19 Repealed

Division 3.1 — Pricing and Production Advisory Committee

- 3.20 Pricing and Production Advisory Committee

Division 4 — Powers of the Board

- 4.01 Powers of board
- 4.02 2001 Federal-Provincial Agreement for Chicken

Division 5 — Quota

5.01 Vancouver Island quota

Division 1 — Interpretation

Scheme name

- 1 . 01** This scheme shall be known as the "British Columbia Chicken Marketing Scheme, 1961".

[am. B.C. Reg. 546/80, s. 1.]

Definitions

- 1 . 02** In this scheme, unless the context otherwise requires:

"Act" means the *Natural Products Marketing (BC) Act*;

"area to which the scheme relates" means the Province of British Columbia;

"board" means the British Columbia Chicken Marketing Board;

"broiler" means any class of the regulated product not raised or used for egg production;

"grower" means any person owning or operating a farm for production of the regulated product;

"hatchery" means a facility operated by a person for the hatching or incubation of any class of the regulated product for the purpose of sale of the regulated product to a grower;

"marketing" includes producing, buying, selling, disposing of and offering for sale or other disposition;

"permit" means permission given in writing by the board to any person with regard to the marketing of the regulated product;

"person" includes any partnership, firm or corporation;

"processor" means any person who changes the nature of the regulated product by mechanical means or otherwise, and markets, offers for sale, sells, stores or transports the processed or manufactured product;

"quota" means the maximum quantity of the regulated product or any class, quality or grade thereof that may be produced, transported, packaged, stored or marketed for any purpose as determined by the board;

"regulated product" means any class of chicken under 6 months of age not raised or used for egg production and any article of food or drink wholly or partly manufactured or derived from the regulated product;

"roaster" means that class of the regulated product known as pullet and cockerel broilers and being 8 weeks and older;

"trucker" means any person engaged in the transportation of the regulated product who holds or is required to hold, for that purpose, a licence issued by the board under section 4.01 (c), but shall not be deemed to include a grower who uses his or her own truck to transport the regulated product grown by him or her, and does not use it to transport the regulated product grown by any other person;

"vehicle" includes any motor vehicle, wagon, railway car, ship, boat or other thing in which the regulated product can be transported.

[am. B.C. Regs. 7/62; 136/72, ss. (1) to (4); 102/73, ss. (1) to (4); 543/78, ss. (ii) and (iii); 546/80, s. 2; 432/88, s. 1; 65/2005, s. 1; 112/2014, App. s. 10 (a).]

Division 2 — Purpose and Application

Purpose of scheme

- 2.01** The purpose and intent of this scheme is to provide for the effective promotion, control and regulation, in any and all respects and to the extent of the powers of the Province, of the production, transportation, processing, packing, storage and marketing of the regulated product within the Province, including the prohibition of such transportation, packing, storage and marketing in whole or in part.

[am. B.C. Regs. 102/73, s. (5); 543/78, s. (i).]

Application of scheme

- 2.02** The scheme shall apply to all persons who produce, transport, pack, store or market the regulated product, and to all kinds and grades of the regulated product.

[am. B.C. Regs. 102/73, s. (6); 543/78, s. (iv).]

Division 3 — Name and Constitution of the Board

Board continued

- 3.01** The British Columbia Broiler Marketing Board is continued under the name "British Columbia Chicken Marketing Board" and shall administer this scheme.

[en. B.C. Reg. 546/80, s. 3.]

Board members

3.02 The board consists of

- (a) 3 members appointed by the Lieutenant Governor in Council, one of whom is appointed chair by the Lieutenant Governor in Council, and
- (b) 2 members who are registered growers, elected by the registered growers.

[en. B.C. Reg. 91/2004, s. (a).]

Board remuneration

3.02.1 The board may set the remuneration of the chair and its members which must be paid out of money collected by the board under the scheme.

[en. B.C. Reg. 8/2000, s. 2.]

Rules for election of board members

3.02.2 (1) The board must establish and publish rules and procedures for the election of elected board members.

- (2) The British Columbia Farm Industry Review Board must approve the rules and procedures referred to in subsection (1) before those rules take effect.

[en. B.C. Reg. 91/2004, s. (b).]

Register of Growers

3.03 (1) The board shall keep at its head office a record to be known as the "Register of Growers" in which the board shall record

- (a) the names and addresses of all growers registered in accordance with the orders of the board.

(b) Repealed. [B.C. Reg. 86/2015, Sch. 2, s. 1 (b).]

- (2) If a grower is a partnership, firm or corporation the Register of Growers may record the name of a natural person authorized by the grower as its representative for the purpose of this scheme.

- (3) The board shall amend the Register of Growers from time to time by adding the names and addresses of the growers who are entitled to be registered and by deleting the names and addresses of the growers who are not entitled to be registered, in accordance with the orders of the board, but the board shall not remove the name of a grower from the Register of Growers until the board has

- (a) given the grower 2 weeks notice in writing of its intention to remove the name of the grower from the Register of Growers, and

(b) within the 2 week period heard any submissions to the board as to why the name of the grower should not be deleted from the Register of Growers.

[en. B.C. Reg. 546/80, s. 3; am. B.C. Regs. 432/88, s. 3; 86/2015, Sch. 2, s. 1.]

Repealed

3.04–3.07 Repealed. [B.C. Reg. 8/2000, s. 3.]

Spent

3.08–3.09 Spent.

Repealed

3.10–3.14 Repealed. [B.C. Reg. 8/2000, s. 3.]

Annual general meeting

3.15 The board shall cause to be held, at least once in every year, a general meeting of the growers whose names are recorded on the Register of Growers, and shall cause to be given, to each of the growers whose names are recorded on the Register of Growers on the last day of the month preceding the month in which notice of the meeting is given, at least 21 days notice of the meeting and of the time and place at which the meeting will be convened.

[en. B.C. Reg. 546/80, s. 3; am. B.C. Reg. 86/2015, Sch. 2, s. 2.]

Other meetings

3.16 In addition, the board may convene other meetings of the growers recorded in the Register of Growers as the board thinks necessary and shall cause to be given, to each of the growers whose names are recorded on the Register of Growers on the last day of the month in which notice of the meeting is given, not less than 14 days notice of the meeting and the time and place at which the meeting will be convened.

[en. B.C. Reg. 546/80, s. 3.]

Election of auditor

3.17 At the meeting of growers held pursuant to section 3.15 the growers there present

(a) shall elect a person who meets the requirements of section 42 of the *Society Act*, as auditor, for the purpose of auditing the books of account and affairs of the board.

(b) Repealed. [B.C. Reg. 8/2000, s. 4.]

Minutes of meetings

- 3.18** (1) The board shall keep or cause to be kept minutes of its proceedings and deliberations.
- (2) The minutes shall be open for examination by any grower whose name is recorded on the Register of Growers upon the grower giving 7 days written notice to the board requesting an examination of the minutes, provided that the board may decline to permit minutes of any meeting to be examined
- (a) until more than 15 days after the meeting of which the minutes are a record, or
 - (b) where the board has reasonable grounds to believe that
 - (i) the grower has no direct interest in the proceedings recorded in the minutes, and
 - (ii) the minutes contain information concerning a business competitor of the person requesting the examination.

[en. B.C. Reg. 13/88.]

Repealed

- 3.19** Repealed. [B.C. Reg. 8/2000, s. 5.]

Division 3.1 — Pricing and Production Advisory Committee

Pricing and Production Advisory Committee

- 3.20** (1) The board must establish a Pricing and Production Advisory Committee composed of
- (a) 3 growers, appointed by the board after consultation with the British Columbia Chicken Growers Association,
 - (b) 3 processors appointed by the board after consultation with the Primary Poultry Processors Association, and
 - (c) further persons appointed by the board to broaden the scope of experience available to the committee in its deliberations.
- (2) The role of the committee is to advise the board, on the request of the board or on the initiative of the committee, concerning any matter relating to the pricing or production decisions the board has made or may make.
- (3) The board must consult with the committee and consider the committee's advice before the board makes any decision relating to pricing or production.

Division 4 — Powers of the Board

Powers of board

4.01 Subject to section 4.02 (2), the board shall have power within the Province to promote, regulate and control in any and all respects, to the extent of the powers of the Province, the production, transportation, packing, storing and marketing, or any of them, of the regulated product, including the prohibition of such transportation, packing, storing and marketing, or any of them, in whole or in part, and shall have all powers necessary or useful in the exercise of the powers hereinbefore or hereinafter enumerated, and without limiting the generality thereof shall have the following powers:

(a) to regulate the time and place at which, and to designate the agency through which, any regulated product shall be packed, stored or marketed; to determine the manner of distribution, the quantity and quality, grade or class of the regulated product that shall be produced, transported, packed, stored or marketed by any person at any time; to prohibit the production, transportation, packing, storage or marketing of any grade, quality or class of any regulated product; and to determine the charges that may be made for its services by any designated agency;

(b) to exempt from any determination or order any person or class of persons engaged in the transportation, production, packing, storing or marketing of the regulated product or any class, variety or grade thereof;

(b.1) with the prior approval of the Provincial board, to classify and regulate producers by area of production within British Columbia;

(c) to require any or all persons engaged in the production, transportation, packing, storing or marketing of the regulated product to register with and obtain licences from the board;

(c.1) to establish, issue, permit transfer, revoke or reduce quotas to any person as the board in its discretion may determine from time to time, whether or not the same are in use, and to establish the terms and conditions of issue, revocation, reduction and transfer of quotas, but such terms and conditions shall not confer any property interest in quotas, and such quotas shall remain at all times within the exclusive control of the board;

(c.2) to issue permits upon such terms and conditions as to issuance and revocation as is deemed necessary;

(d) to fix and collect yearly, half-yearly, quarterly or monthly licence fees from any or all persons producing, transporting, packing, storing or marketing the regulated product; and for this purpose to classify such persons into groups and fix the licence fees payable by the members of the different groups in different amounts; to fix and collect from such persons fees for services rendered or to be rendered by the board; and to recover such licence and other fees by suit in any court of competent jurisdiction;

(e) to cancel any licence or permit for violation of any provision of the scheme or of any order of the board or of the regulations;

(f) to require full information relating to the production, transportation, packing, storing and marketing of the regulated product from all persons engaged therein; and to require periodic returns to be made by such persons; and to inspect the books and premises of such persons;

(g) to fix the price or prices, maximum price or prices, minimum price or prices, or both maximum and minimum prices at which the live chickens over 2 days old that are regulated product, or any grade or class thereof, may be bought or sold in the Province, or that shall be paid for the regulated product by a designated agency, and may fix different prices for different parts of the Province;

(h) to establish and conduct, or to authorize any marketing agency approved by the board under the scheme to conduct a pool or pools for the distribution of proceeds received from the sale of the regulated product, after deducting all necessary and proper disbursements, expenses and charges, in such a manner that each person receives a share of the net proceeds in relation to the amount, variety, size, grade and class of the regulated product delivered by him or her and to make payments in respect thereof until the total net proceeds are distributed;

(i) to require the person in charge of any vehicle in which the regulated product could be transported to permit any member or employee of the board to search the vehicle;

(j) to seize and dispose of any of the regulated product produced, kept, transported, packed, stored or marketed in violation of any order of the board;

(k) to use any moneys received by the board in carrying out the purposes of the scheme, and in paying the expenses of the board, and in paying to the BC Chicken Growers' Association any portion

or all of the expenses incurred by the said association with the authority of the board in carrying out the purposes of the scheme;

(l) to make such orders, rules and regulations as are deemed by the board necessary or advisable to promote, control and regulate effectively the production, transportation, packing, storage or marketing of the regulated product, and to amend or revoke the same;

(m) to refuse to issue any licence to any person who previously held a licence which was cancelled by the board, and to any person who was associated with any person who previously held a licence which was cancelled by the board, and to any person who has, within 6 months of the date of his or her application for a licence, committed any act which would be an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada), and to any person who fails to satisfy the board that he or she has the production, transportation, packing, storing and marketing facilities deemed by the board necessary to properly protect the interests of the growers;

(n) to promote the broiler industry by advertising in such manner as may seem advisable, and by compiling, publishing, distributing and furnishing information with respect thereto;

(o) to delegate its powers to such extent and in such manner as the board may from time to time deem necessary or advisable for the proper operation of the scheme; provided that this paragraph shall not permit the delegation by the board of the powers contained in paragraphs (c), (d), (e) and (m) of this section;

(p) the powers set out in section 11 (1) (o) (i), (ii), (iv) and (v) and (1) (v) of the Act.

[am. B.C. Regs. 136/72, s. (5); 102/73, ss. (7) to (10); 543/78, ss. (i) to (iii); 217/89; 176/93; 514/95, s. 2; 8/2000, s. 6; 159/2001, s. (a); 112/2014, App. s. 10 (b) to (e).]

2001 Federal-Provincial Agreement for Chicken

4 . 02 (1) For the purpose of enabling the board, in cooperation with the federal board, to exercise effective control of the marketing of chicken to the full extent intended by the Act and the federal Act, the board may enter into an agreement in substantially the form of the draft 2001 Federal-Provincial Agreement for Chicken, dated May 15, 2001, that is on file with the Provincial board.

(2) For the purpose of subsection (1), the board may

(a) carry out a term or satisfy a condition applicable to it under the agreement referred to in subsection (1), or

(b) exercise a power under section 4.01

in the manner provided by that agreement or by section 4.01.

(3) Subject to subsections (1) and (2), the board may not enter into or amend an agreement with the federal board without the prior approval of the provincial board.

[en. B.C. Reg. 159/2001, s. (b).]

Approvals under sections 5 and 6 of the Act

4.03 Approval is given for the board to

(a) exercise an authority or function conferred on it by or under a federal Act or by a federal board, or

(b) grant authority to a federal board to perform a function or exercise a power of the board relating to trade in British Columbia on the board's behalf if the grant is made in the agreement referred to in section 4.02 (1) or an agreement approved under section 4.02 (3).

[en. B.C. Reg. 8/2000, s. 7; am. B.C. Reg. 159/2001, s. (c).]

Division 5 — Quota

Vancouver Island quota

5.01 Despite section 4.01, the board must not permit a disposition or transfer of quota issued to a person to produce regulated product on Vancouver Island to any area of the Province other than Vancouver Island unless the board sets aside quota exclusively for purposes of the production of regulated product on Vancouver Island in an amount equal to the amount the board permits disposed of or transferred off Vancouver Island.

[en. B.C. Reg. 182/2000.]

[Provisions relevant to the enactment of this regulation: *Natural Products Marketing (BC) Act*, R.S.B.C. 1996, c. 330, sections 2, 5, 6, 11 and 22]

TAB 2

MINUTES: Pricing and Production Advisory Committee (PPAC) September 5, 2012 – 9:00 a.m.

PRESENT: R. Bathe, K. Froese, E. Silveri, R. Baylis, G. Esau, S. Cummings, K. Nash, B. Bilkes, B. Whitta, A. Penner, C. Rickson, and B. Vanderspek.

ABSENT: S. Mak, R. Vane, D. Mitchell, K. Huttema, and S. Wilson.

GUEST(S): J. McComish, DA Janzen, G. Gauthier, and D. Stancil.

1. Call to Order:

B. Vanderspek called the meeting to order at 9:00 am. He noted that he would Chair the call in the absence of S. Wilson. He welcomed the Board members to the meeting explaining that there will be some opening remarks from the BCCMB Chair.

The processors commented that it is not normal procedure to have the BCCMB attend a PPAC meeting; the processors also requested that if the BCCMB wish to attend a PPAC meeting in the future, prior notice would be appreciated. It was also stated that the BCCMB may be asked to leave if there were issues the processors and growers needed to caucus on together.

2. BCCMB opening remarks:

D. Stancil presented opening remarks to the PPAC. She outlined the context of the Board as a regulator, and upcoming issues the Board will be dealing with such as the differential growth issues at CFC.

The BCCMB strategic plan will go back to the original committee in the next month. There are major changes to the FIRB Strategic Plan and how they conduct their business, which will impact the BCCMB. They are moving away from the historic appeal process and are expecting the Board's to be more proactive in resolving disputes.

The Board must continue to promote supply management to the public to garner support for the system and show it is being properly managed.

She commented that the pricing formula and the linkage formula work well, because the parties decided how it would work, established through discussion. The Board expects good discussion from the PPAC committee and to illustrate where there is agreement, and where there is no agreement outlining the differences and possible options.

Ken Huttema joined the meeting at 9:15 am.

She briefly touched on the differential growth issue at CFC. She noted the Board needs good sound information from the committee. She also noted the need for discussion respecting restructuring the PPAC committee membership/makeup.

**MINUTES: PRICING AND PRODUCTION ADVISORY COMMITTEE –
(September 5, 2012 cont'd.)**

3. PPAC Committee makeup

The PPAC discussed the current makeup of the PPAC. Topics of discussion suggested were: addition of a further processor or specialty grower, the smaller processors not currently sitting on the PPAC or belonging to the PPPABC, or a new chair.

The PPAC's mandate is to deal with matters dealing with pricing and production. With the current pricing formula, the PPAC rubber stamps the price. The objective is to obtain more input on matters other than price and production for given quota periods. If the group feels that there is sufficient scope on the current committee to deal with the other matters, no change is required. The Board is merely questioning if there is a need for change. The Board is looking for solutions coming forward from the PPAC, and asking if the group has the tools it needs to do its job properly.

The processors requested to table this matter, as each side will need to discuss the matter internally, now fully understanding where the Board is coming from. If there is need for change, the committee will discuss it at a future PPAC meeting and request a change if required.

4. Base adjustments for periods A-115 through A-120 update

It was noted that the CFC has now finalized the bases. Consultation was undertaken with the Processors, and then circulated to the PPAC for comment but the turnaround time was quick. The adjusted bases will be circulated after the meeting by e-mail.

5. Differential Growth update:

The GM updated the committee on recent meetings. Several provinces are unhappy with their current market-share. Several proposals have been developed: 2007 AB proposal; CFC Executive proposal; the "6 pack" proposal which was the 6 smallest provinces and has been evolving; the Quebec proposal; the CFO proposal and a FPCC proposal.

The Quebec and FPCC proposals are based on "comparative advantage". The issues can be GDP growth, minimum wages rates, average farm size, proximity to markets, TRQ, etc.

The BC Board is having all the proposals analyzed by a 3rd party to see how they affect BC. It is expected to be completed by November and the deadline is the end of December 2012 or Alberta may give its notice to CFC. The information will be shared as soon as possible to the PPAC for comment prior to the Board coming to any decision.

The Processors and Growers raised concerns about looking at "the best of the worst case scenarios where BC loses the least". Is BC attempting to gain comparative advantage and get our story on the table and not just maintain our market share but

**MINUTES: PRICING AND PRODUCTION ADVISORY COMMITTEE –
(September 5, 2012 cont'd.)**

Increase it? It was noted that BC has had input to the "6 pack" which has morphed into a "group of 8 or G8" included TRQ and fowl imports in the proposal. Alberta is now backing away from the proposal, as they want to "catch up" faster than the proposal allows for. No province wants to give anything up.

D. Ference is also working on a comparative advantage document for BC if the FPCC proposal prevails. FPCC has been consulting Supervisory Boards and only 2 provincial Boards. Quebec's position is that population should be considered, but is weighted way down in the proposal using "comparative advantage" and not "competitive advantage".

A processor asked "Has there been any talk between the Western Provinces regarding Alberta pulling out of the National, and is there any appetite from the Western Provinces to follow Alberta?" The Board commented that with comparative advantage, BC may not lose market share. FIRB's voice will be the loudest voice on staying in or pulling out.

Processors requested that the BC comparative advantage study being done by D. Ference be given priority to be completed quickly. The GM noted that processor input would be needed to assist in the completion and D. Ference will be contacting them for assistance.

6. Cycle Lengths

The processors are not unanimous on the issue of cycle length as one processor schedules are longer cycles for their roaster growers. Growers selling down their quota and then want to grow on extended cycles. It serves the interest of one grower but adversely affects the others as accommodating one grower on an extended cycle usually means a hatchery must 3-4 others. It also negatively affects egg flow at the hatchery.

The concern is the numbers of growers is creeping up and becoming less manageable in the future.

The BCBHEC noted it impacts the egg flow, and has no data on chick placements. They will be contacting the hatcheries to get the data.

Growers want the flexibility and efficiencies but are open to discussion to come up with a solution. Growers are against shutting the door completely. It was felt that a change to the domestic leasing rules may be a possible solution to provide for extended holidays.

Processors propose a moratorium while a subcommittee looks at the issue to come up with possible solutions. The growers expressed opposition to this proposal for a moratorium.

**MINUTES: PRICING AND PRODUCTION ADVISORY COMMITTEE –
(September 5, 2012 cont'd.)**

The GM provided a spreadsheet detailing the amount of growers and their cycle lengths. The information was previously circulated to the committee.

88% of growers or 92% of the quota are on an 8-week cycle (taking out the specialty growers). A processor member of the PPAC stated that every accommodation negatively impacts 3-4 other growers.

A subcommittee of R. Bathe, E. Silveri, K. Nash and K. Froese and B. Bilkes will meet to investigate this issue and report back to the PPAC. Staff will be made available as required.

7. Stocking density trials

The Chair outlined the change in stocking density and the proposed trial. He asked for a subcommittee and volunteers to participate in trials to 35 kgs. Staff resources are available if required.

He requested the hatcheries and processors and growers to nominate a couple of names and send them to him by then end of next week so an initial meeting can be set up. Mona will be the staff resource person.

8. A-113 Pricing:

Ontario has not set its price. Apparently the price indicators show that the live price in Ontario could increase between 12-13 cents. There are negotiations underway that may result in a price at something less than that amount. The BC price will not be set until after ON, AB, SK and MB set their prices. Stay tuned.

9. Specialty issues related to increased organic chicken production:

The GM outlined the Bradner Farm conversion from TC to organic production as a self marketer which is allowed under the current regulations. It is causing an impact on TC production, resulting in increased AoS lease to ensure the processors that is affected most is able to meet his production/allocation as per Part 7 of the General Orders.

The Board is taking a cautious approach, as the organic market is historically tenuous. The Board is not prepared to make any adjustments (NEG, quota issuances, conversions, pro-rata increases) until such time as the organic market is determined to be sustainable, which may take up to 3 more periods.

The TC price has increased 18 cents for A-113 and A-114 due to past feed cost increases. The SMAC will be meeting in 6 weeks to see if there is a need for a production cutback as they are worried about retailers accepting the price increase.

**MINUTES: PRICING AND PRODUCTION ADVISORY COMMITTEE –
(September 5, 2012 cont'd.)**

The PPAC questioned why the kgs are coming from the mainstream pool. D. Stancil commented that there is no MD quota available for developing markets in chicken (have in dairy and eggs). The provincial government economic policy of 2004 instructs Boards to develop niche and specialty markets. Government mandates protecting the needs of the small while the markets are being developed. The rest of the production system must provide the support as mandated by government. The Board needs to find a way to work with this person and supply the small processor at the same time. The fairness issue has not been tested yet. The long term solution is more chicken nationally. The processors questioned how this policy could be considered fair, when one party is permitted to meet a potential market in a specialty pool at the direct expense of may parties that have existing markets in the mainstream pool.

The organic chicken does not displace specialty chicken in the market place, it displaces mainstream chicken which creates a second problem. Supply Management is often perceived as slow to respond to consumer preference. The Board has to determine if it is a real market, then how to make it accessible to others. The PPAC felt that is only a diet differentiated product as it does not require a organic breeder egg or even organic feed if it not readily available.

The TC AoS lease has been offered to both the specialty and mainstream sector through the hatcheries. Every square foot for growing specialty is full at this time.

The Board asked what the better solution would be. Growers and Processors stated that this issue is a production issue, and should have been given to the PPAC to come up with a recommendation before any decision was made. It was noted that AoS is currently covered in the General Orders.

The PPAC felt that they should have input into the specialty definition, and to the inclusion of organics. The PPAC does not like the fact that one grower is gaining at the expense of the rest of the growers to build a niche market. Processors noted that AoS lease is the mechanism that permits these types of decisions to be made and the Board has not asked PPAC for recommendations on AoS leases.

The Chair noted the time and asked for final comment.

The classification of Redbro was discussed. A copy of the Schedule 15 for Redbro is to be circulated to the PPAC for their information.

The question was asked about why people allowed to move from within a group. The PPAC noted they are opposed to the current practices, and ask the Board do not make any further accommodation until such time as the PPAC comes back with proposed solutions. Currently it is 150,000 kg of product.

**MINUTES: PRICING AND PRODUCTION ADVISORY COMMITTEE –
(September 5, 2012 cont'd.)**

The meeting adjourned at 11:05 a.m.

TAB 3

Pricing and Production Advisory Committee (PPAC) – January 17, 2013

Call to Order:

S. Wilson called the meeting to order at 9:05 am.

Before the meeting started, the Processors asked for some clarification and confirmation regarding their representatives today. It was explained to PPAC that the PPPABC had requested of the Board a change in their Membership to PPAC. The new PPPABC membership is proposed to be; Scott Cummings, Ken Thorpe and Keith Nash as PPAC Members with Ken Huttema, Ernie Silveri and Sunny Mak as respective PPAC Alternates. The chair stated, as long as BCCGA had no objection, that in the spirit of the request to the Board that this representation would be acceptable. The BCCGA had no objection.

That being agreed to the Chair requested all present to self introduce.

- Present in person were: S. Wilson, R. Bathe, K. Froese, G. Esau, B. Bilkes, Art Penner, Keith Nash, K. Huttema, Ken Thorpe.
- Present on the telephone were: B. Whitta, R. Baylis
- Guests: Calvin Breukelman

Subject of the meeting is to discuss items raised by the Board which had been referred to PPAC for comment and direction, letter of December 14, 2012.

Rather than attempt to capture verbatim comments, I have outlined below each Agenda topic, my summary of the respective discussions and any recommendations which arose.

1. Domestic live pricing in light of Ontario initiative for Period A-117

All members and guests at the meeting appeared to be aware of the changes in live pricing methodology proposed by Ontario which would take place commencing Period A-117. Neither the Growers or the Processors endorsed the change and stated that it was too early to predict how it may affect BC and consequently too early to contemplate any changes in the current BC pricing model which is based on the current Ontario COP. It was stated that since BC not the only province impacted by this that we should not consider proposing an independent decision on next steps but rather wait until both the Board has been able to consult with all other Board's, late January and the Board and Processor's have also had an opportunity to discuss in early February.

Pricing and Production Advisory Committee (PPAC) – January 17, 2013

2. Domestic Live Pricing (BC) post Period A-119

PPAC was advised that discussions are underway between the two parties and that they are close to an agreement. They are cognizant of the need to resolve before the deadline and committed to present to PPAC possibly in the next month a proposal which could be presented to the Board.

Notwithstanding this optimism, there were comments that 2013 may be a turbulent year given all the possible changes, eg. Ontario pricing, Alberta withdrawal from CFC etc. so we should move ahead cautiously.

3. Premiums, Movement limits & Notice of change of Processor

Premiums:

There is no general understanding of what the status is of Premiums being paid or not. It was mentioned that some Processors have already signed up Growers to long term contracts and have included a premium in the specific Grower contract. It was also stated that the BCCGA has no agreement relative to Premiums but that they are aware that some Premiums are being paid but that this is dealt with privately, one on one between the Grower and their Processor.

Concern was raised by the Hatching Egg member that the payment of Premiums over and above the linkage only served to erode the value of the linkage. It was stated that premiums were one reason for the development the linkage and consequently any Premiums currently being paid should somehow be reflected so as to ensure Parity and fairness in the linkage.

Other comments were made relative to differences between Premiums paid for sizes of birds vs. Long term contract premiums. The Hatching Egg representative stated that premiums for the size of birds are fine to cover producers' extra costs in raising smaller birds. Premiums for long-term contracts should be reflected in the live price upon what linkage is calculated on.

The Growers felt that the issue of Premiums is a private negotiation and agreement at the individual grower level. Consequently if there is intent to share this premium at the Hatching Egg level each grower receiving a Premium will have to report this independently. It was recognized that the Linkage was developed before the removal of Assurance of Supply and that costing and compensation in the industry has changed accordingly, vis a vis, Premiums.

Pricing and Production Advisory Committee (PPAC) – January 17, 2013**Movement limits & Notice of change of Processor:**

There was no agreement on this issue. It was pointed out that even though Premiums were in place over the last while, the Premiums did not eliminate movements between Processors. A movement limit is still desired from the Processors perspective but not from the Grower's perspective. The Growers are apposed to movement limits and any required notification changes. They felt that since the Board removed AOS, they feel now any consideration of limitations on movement is essentially reinstating a form of AOS. The Growers feel that the use of Long term contracts is a way of mitigating movement. A discussion took place on the materiality and accuracy of the movements (eg. No inclusion of Farm Fed) and it was suggested that an updated list of movements be developed.

4. Increased Mandate of PPAC**Mandate discussion:**

All members were in agreement on involving PPAC more extensively in advice to the Board on Industry issues as and when requested. In addition it was noted that PPAC would also like the opportunity to elevate issues proactively to the Board such that if required remedies could be dealt with in a timely fashion. As to what issues PPAC felt they should like to be involved in, it was suggested that PPAC could learn from decisions the Board would have dealt with in the recent year. To that end it is requested that the Board provide PPAC with a list of items put to the Board over the last year and PPAC would review and advise where it thought it may have been able to offer assistance. It was thought that this process may outline some themes which could be used to develop the "Test" for referral to PPAC.

Membership:

As for Membership in PPAC, all parties felt that PPAC should remain at a manageable size and that if allowed to grow it would constrict it's effectiveness. Expansion of the Processor component; i.e. Small Processor representative was not seen to be beneficial since although smaller, issues of processing would have some similarity with issues in larger operations. Having said this, it was recognized that issues of Small Processors covered by AOS are not specifically represented at PPAC but again this was not seen to be a big enough issue to merit expansion of representation. The

Pricing and Production Advisory Committee (PPAC) – January 17, 2013

Processors, in addition to presenting to the Board changes of named representatives and alternates were proposing a 7th member. On review of the current Membership of PPAC it was pointed out that there is already an additional observer who is from the Processing component and consequently this issue may already have been dealt with.

SMAC/PPAC:

Observer status on SMAC was not seen to be needed, also would not support observer from SMAC at PPAC. It was suggested that any issues of concern raised at either SMAC or PPAC which were thought to have an impact on the other sector should be raised directly with the Board and the Board would then manage the information flow between the two committees.

Definition of Specialty Chicken:

Definition does need to be addressed. There was a general agreement that Organic should not be classified as Specialty since it does displace Mainstream chicken. Question was asked as to how do other Provinces deal with this issue? It was also pointed out that depending on how finally classified, that there may be potential to increase BC Chicken production by accessing the Organic classification provided it did not negatively impact Mainstream chicken production. The committee is interested in hearing the conclusion of current discussions on increased allocation to BC as a consequence of CFC's consideration of BC's Specialty industry.

5. Further meetings:

In light of the number of pending issues potentially impacting PPAC coupled with the potential of referrals from the Board on other issues it was suggested and agreed that PPAC set up a more regular meeting schedule. Consequently the Chair was asked to set up a tentative schedule. This schedule could be amended as time progresses and meetings may not be required but the date should be saved until advised otherwise. Confirmation and Agenda to be circulated one week ahead of scheduled meetings. Additional meetings may be called by the Chair or requested by Committee members to deal with other time sensitive concerns.

6. Differential Growth:

This was touched on briefly but again will need to wait and see and discuss at our next meeting in March.

Tentative schedule for the first half of 2013 is as follows:

Pricing and Production Advisory Committee (PPAC) – January 17, 2013

March 14, 2013

May 16, 2013

July 18, 2013

Minutes prepared by Stuart Wilson, Chair.

TAB 4

MINUTES: Pricing and Production Advisory Committee (PPAC) – May 8, 2013
10:00 a.m.

Present: R. Bathe, R. Baylis, D. Krahn, F. Redekop, B. Whitta, E. Silveri, G. Esau, K. Thorpe, B. Bilkes, C. Rickson and S. Wilson.

Absent: S. Mak, S. Cummings, K. Nash, and K. Huttema.

Guests: B. Vanderspek.

1. Call to Order:

S. Wilson called the meeting to order at 10:00 am. The Chair apologized for not sending out a reminder of the meeting containing a formal agenda like he promised.

He noted the grower members on the committee recently appointed by the Board are: Ravi Bathe, Dale Krahn and Ray Baylis, with the alternates being Gord Esau, Fred Redekop and Brian Whitta.

He briefly outlined the BCCMB's letter of April 17th which is a follow up of the December 14, 2012 letter requesting input from the PPAC on several issues which are the topics of today's meeting. He also outlined the May 7th letter from the BCCMB respecting a PPAC consensus regarding changes to the NEGP process.

2. Confirmation of Agenda:

The agenda was confirmed as presented.

3. Expansion of mandate and development of "test" for use by the Board in requesting advice from PPAC on those items outside Schedule 2:

The Chair discussed the "test". The request for providing the PPAC with a list of decision was not dealt with by the Board. It was suggested that the PPAC members refer to the 2012 Annual Report. A copy of the Report portion will be photocopied and circulated to the PPAC members later today. Once in hand, PPAC will discuss and provide advice to the Board on possible "test" parameters.

4. Production movement limits:

Previous minutes of January 17, 2013 show that no agreement was reached. The growers reiterated their position against limits. The Chair asked when the PPAC met to negotiate the new long term pricing and catching agreement if the issue was part of the discussion. The response was negative. The processors reiterated their position.

The PPAC had no further new input or direction to share with the Board.

The Chair noted that the current situation appears to be working. The GM noted that movement is tracked and industry is informed by the quarterly "BC Chicken Facts" put out by the Board. The long term value added contracts expire at the end of A-117, so any movement should show up in A-118 onwards. There is no new long term value added contract being negotiated. Any movement for A-118 should have occurred 18 weeks ago and been reported. The Chair noted that he would arrange to include a cursory

Pricing and Production Advisory Committee (PPAC) – May 8, 2013

review of “BC Chicken Facts” respecting movements as an ongoing agenda item at future PPAC meetings.

5. Premiums above posted price:

The issue of premiums was discussed in the January 17, 2013 meeting of PPAC. It was added to this agenda by error of the Chair as it appears it is not an outstanding issue of the Board and not referred to in the Dec 2012 letter from the BCCMB.

6. Specialty issues and differential growth:

A processors member of the PPAC, in an email has recommended that organic be removed from specialty. The PPAC discussed grandfathering existing growers (the 2 self-marketers) and protecting them in some form, but new entrant organic growers would not be afforded the protection.

The GM noted BC has quadrupled its organic production to what is now 1% of BC's production (12,000 – 15,000 birds per week). The options available to deal with future increases in organic production are to (1) existing grow it all (2) convert existing specialty growers or mainstream in to organic (3) issue new growers. Growers felt that all of the options take chickens away from mainstream growers, and their customers. The drawback moving organic in to mainstream is the market built by the 2 growers and their current market and future opportunities.

The GM suggested a hybrid system, keeping the 2 existing in specialty, but any future organic growers coming from the mainstream side. The need would be determined by the processor. Then if the 2 existing growers want to grow, they must purchase mainstream quota.

The Chair asked what the protection is then being offered to the two organic growers. The GM noted that the growers would have the fallback protection to grow Asian birds (TC, silkie etc.) rather than mainstream chicken.

The PPAC agreed that this hybrid grandfathering approach had potential, and the recommendation should first go the BCCMB staff to fill in the details and come back to the PPAC for final approval prior to going to the Board as a recommendation. The approach should also cover how to mitigate allocation going from mainstream to specialty and back in the future. The GM noted that the Board would have to have discussions with the 2 affected growers and the SMAC prior to any change in existing regulations.

One issue would be any purchased quota and its classification – would it remain as mainstream or be organic when it is again transferred. Discussion ensued that any purchased quota for growing organic chicken would have to be mainstream quota and would remain as mainstream when transferred. Another would be recognition at CFC and base allocation continuing to be lost from the mainstream side to the specialty side. The GM updated the members on current ongoing discussions at CFC with respect to

Pricing and Production Advisory Committee (PPAC) – May 8, 2013

differential growth and potential base adjustment. The CFC Policy committee is working on a proposal.

Differential growth

The joint PPAC/SMAC meeting was provided with a full update. No further developments have occurred since that time. The BCCMB is having informal meetings with other provinces (Ontario and Quebec), but there are no meetings scheduled at CFC.

7. PPAC membership and expansion to include observer status for a representative from a further processor and also a representative from a small mainstream processor:

The PPAC felt that current members could speak as further processors or smaller processors and no additional members are required. The PPAC want to keep the alternates in the room and want to keep the size of the group manageable. Other groups can be consulted with, after the Board has received or is requesting the advice of the PPAC. The PPAC feels that there is appropriate representation currently to represent the chicken industry and does not see the need for additional membership at this time.

8. A-117 pricing and adjustments if any:

It was noted that CFO did not implement its new pricing methodology for A-117. There is no indication from Ontario if the new policy will be implemented in A-118 or not.

9. Other business: **NEGP advice to the Board.**

The May 7/13 letter from the Board was discussed. It provides a cautionary note that BCFIRB will probably require full consultation prior to FIRB making a decision and amending the existing funding formula by way of exemptions. The Chair is prepared to take a look at this issue, but the PPAC must understand the caution, and it may take time. Further the Board intends to move forward as per the existing General Orders until such time as a change is made.

The PPAC noted its proposal was a combined proposal and not to be divided or implemented in stages or parts. The GM responded that Board has received all input from industry and will be making a decision at the May 15th Board meeting. Any increase in the entry level is not a FIRB issue, in that it does not required FIRB approval to change.

The consensus of the PPAC was to proceed with requesting the exemptions for the funding formula, and if there is public consultation so be it. It was suggested that a joint presentation (growers and processors plus the Board) meet with FIRB to make the case for change, providing rationale and numbers. It was suggested a committee be formed comprising of R. Bathe, R. Baylis, S. Cummings, and K. Thorpe.

Cycle Length Committee

Pricing and Production Advisory Committee (PPAC) – May 8, 2013

The committee is comprised of B. Bilkes, E. Silveri, K. Nash and R. Bathe and D. Krahn. It is still an issue for the processors and hatching egg producers, but not for the growers. A meeting will be scheduled or the GM informed that the matter is no longer an issue.

Hatching Egg situation in North America:

There is an egg shortage due to AI in Mexico. Placements are being rolled back east and may start in BC shortly. Currently all BC sets are being met. The situation is expected to continue for a year or longer. Longer cycle growers will be a problem, and small growers who do not ship to the processor of record will most likely be cutoff. These growers have been verbally warned. Hatching Egg birds have been extended to 60 weeks of age. US companies are currently only fulfilling their BC existing contracts, but there are no extras available. Caveats in the contracts allow for 10% reduction in times of US egg shortages.

Fairline Specialty Processor:

The GM updated the PPAC that the Board has suspended their processor licence. The licence will be cancelled effective on Friday. The Board is working to arrange for slaughter of product in the field, find homes for the growers for the future, and informed the hatchery there will be no future egg sets.

The meeting adjourned at 11:15a.m.

The next meeting will July 5th at 10:00 a.m. with the next tentative date to be September 19th. He will circulate an agenda and a reminder by email for all future meetings.

TAB 5

MINUTES: Pricing and Production Advisory Committee (PPAC) – September 19, 2013
10:00 a.m.

Present: R. Bathe, S. Cummings (via telephone), D. Krahn, F. Redekop, B. Whitta, E. Silveri, G. Esau, K. Thorpe B. Bilkes, K. Nash, S. Mak, R. Baylis (via telephone) and S. Wilson.

Regrets: K. Huttema, B. Whitta

Guests: B. Vanderspek, Cheryl Davie and DA Janzen.

1. Call to Order:

S. Wilson called the meeting to order at 10:00 am. A roll call was done. Cheryl Davie was introduced to the members of the committee.

2. Confirmation of Agenda:

The agenda was confirmed as presented.

3. BCBHEC PPAC:

The GM reported that the decision in this matter was to appoint BCCMB member Kerry Froese to the BCBHEC PPAC. Derek Janzen will serve as alternate. The BCBHEC opposed having a director of the BCCGA attend their PPAC as an observer because the hatching egg grower association already has a presence.

4. Organic chicken situation. The GM reported that there are a number of requests for additional organic chicken before the board, but the market demand is unclear and has not been verified. Cheryl Davie has been conducting research and telephone interviews with a number of retailers and wholesalers in an attempt to gauge the demand for organic chicken in BC. A suggestion has been made to convene a joint meeting of the PPAC, SMAC, and others to discuss this issue in detail. There was some discussion on an "organic summit" which was supported by chicken growers. The GM stated expectations that attendees should bring actual solid market information (numbers) to meeting. Processors expressed concerns about other specialty being excluded.

K. Nash stated that there is not enough BC organic chicken to supply the market

Action: BCCMB will send tentative dates for an organic summit in late October.

5. Update on current issues at CFC.

- D. Janzen provided a history of the allocation methods, ending with current pro-rata model as well as a briefing of the differential growth issue. An agreement was reached by the CFC directors on September 4 in Ottawa for a service agreement and Alberta has signed a 6 period deal, with option to end after 4 periods.

Pricing and Production Advisory Committee (PPAC) – July 5, 2013

- A mediator to deal with parties will be appointed by CFC to help establish a long term solution to the differential growth issue. They have a goal of finalizing a deal by Jan. 2014.
- The GM provided some perspective on the impact of this deal to BC.
- The GM provided some background on CFC's draft specialty chicken policy, which has been accepted by CFC directors. The draft supports BC's position that specialty should be derived from breeds that are not mainstream and are not substituted with mainstream production in the market
- National over marketing levies. The GM updated the committee on upcoming penalties that will be levied by CFC for periods A-114 and A-115 and A116A and A117.

6. Proposed AI Insurance program update. R. Bathe provided a status update on the AI insurance initiative. He provided some results from the industry plebiscite and stated that the scheme still under supervisory review of FIRB. It also needs to be accepted by the four poultry associations before implementation can begin.

7. Outstanding issues:

- S. Wilson reviewed the materiality test in last PPAC minutes. PPAC members were pleased with proposed materiality test.
- Cycle length committee. The committee comprised of K. Nash, E. Silveri, R. Bathe, B. Bilkes, and D. Krahn plan their first meeting is Sep. 19.
- Specialty and mainstream definitions. BV suggested this be discussed at proposed "organic summit" and all agreed.
- New entrant grower program funding formula. The GM updated the group on the progress to date. Timeline for completion in late September.

8. Next Meetings:

November 14, 2013 10:00 am and January 8, 2014 at 9:30 am are to be retained for future meetings.

The meeting adjourned at 10:57 a.m.

B:\Administration\Pricing & Production Advisory Committee\M\minutes\2013\JCmin13Sept19.doc

TAB 6

**MINUTES: Pricing and Production Advisory Committee (PPAC) – November 14, 2013
10:30 a.m.**

Present: R. Bathe, S. Cummings, R. Baylis, G. Esau, E. Silveri, F. Redekop, K. Thorpe, B. Whitta (via telephone), K. Huttema, B. Bilkes, K. Nash (via telephone), B. Vanderspek, C. Rickson and S. Wilson.

Absent: S. Mak, D. Krahn. **Guests:**

1. Call to Order:

S. Wilson called the meeting to order at 10:30 am. A roll call was done.

2. Confirmation of Agenda:

The agenda was confirmed as presented. Additions: cycle length committee
Information received from HEC. A meeting will be scheduled in the next few weeks.

3. Future of Certified Organic production – reaction to November 7, 2013 presentation:

The PPAC discussed the BCCMB November 7th Organic Summit presentation. The Board reviewed the meeting notes, the results were inconclusive. The Board awaits written input from individuals at the meeting. At this time the Board had received some from processors, and the BCCGA's position is that organic should be reclassified as mainstream.

Lilydale's position was presented at the summit and want organic classified in the mainstream sector.

The PPPABC noted the following general comments of consensus:

- BC policy should reflect the national policy (organic = mainstream)
- Suggest there should be more growth available. The numbers at this time are unknown. Incremental steps may or may not meet the market place, but cannot blow the organic market wide open.
- Want further discussion on process to open the market
- The Organic live price is too high as compared to other parts of the country.

The GM noted there seemed to be unanimity on the PPAC in having organic removed from the specialty sector and put into the mainstream sector. This was confirmed by the committee.

Processors expressed concern with thresholds and responding to the front end of the market and how to respond if the market is not there and the product is not needed. The transition up and back needs to be discussed with the Board prior to amending any program. The GM noted that a brainstorming session might be required to deal with these concerns.

The GM explained how Organic pricing is set at the SMAC. Its COP is updated every 16 weeks, based on the 2 existing growers in the province who self-market their product. If the program is expanded to include other growers the COP will need to be amended if it

Pricing and Production Advisory Committee (PPAC) – November 14, 2013

remains as specialty. If it goes into the mainstream sector, it will be some kind of agreed upon differential between grower and processor based off of the mainstream live price rather than the Board setting an official live price.

4. Update on CFC Position on Specialty Chicken:

B. Vanderspek provided an update on the CFC position with respect to specialty chicken. It appears the policy committee is going forward based on the following characteristics:

- Organic is not included in the national definition.
- It will be breed specific (Asian – TC and Silkie).
- The CFC will set a separate allocation much like how the MD is set, which is not added to the base. It is requested once a year on an annual basis and tracked.
- BC will have its Asian allocation removed from its base.
- It will be a good deal for BC, but BC's portion of the market may decrease over time if other provinces decide to get into specialty birds.

More information will be known after the next CFC meeting.

5. Update on CFC Mediation process with respect to national allocation and differential growth:

Alberta is out of CFC effective December 31st. A service agreement is in place with CFC, they agree to continue to abide by CFC rules and the temporary 6 period mediated agreement. There is an opt out period for Alberta after 4 periods if they do not see progress in continuing differential growth at CFC.

B. Vanderspek updated the PPAC on the ongoing CFC mediation process. The mediator has been chosen, Mr. Ben Hoffman, and the Board has had a first meeting with him. He outlined the ongoing process and the deadline of the end of January 2014 for a decision or FPCC will impose its will on CFC.

BC has the authority to negotiate within the existing FPA and OA. Stakeholders will be kept in the loop as time progresses. The expectation is some time of comparative advantage formula will be developed on a going forward basis, come out of future growth.

The processors position is that they feel they should not go backwards at all. They object to correcting deficits in Ontario (grower side only, not processor side) and Alberta. The processors cannot compete against the large Central Canada importers (holders of TRQ). All Western Processors need more product, while the rest of Canada state they do not. BC Processors do not want to give up product going forward either unless TRQ issue is resolved.

The growers understand the position of the BC processors as stated and concur. If BC processors want more product, they should receive it. The GM noted the TRQ issue and total supply issue have been raised and received no support from any other province. It will be discussed at the December 9th meeting of the Western Boards and Western

Pricing and Production Advisory Committee (PPAC) – November 14, 2013

Provinces. The GM thanked the processors for their joint letter respecting the A-123 allocation as it will give the BC CFC Director something tangible in support of the position of the west.

The GM reiterated there are 2 issues outstanding:

- Ontario and Alberta want a big adjustment in base allocation based on current population which they state has been increasing in their respective provinces.
- The allocation process going forward states CFC must consider “comparative advantage”. If not Farm Product Council of Canada (FPCC) will impose a model upon CFC.

Only the last issue will be dealt with in the mediation process.

6. Poultry in Motion Educational Trailer – funding:

R. Bathe explained the trailer and its function of education to the PPAC. The growers brought up the issue of funding for the educational trailer as fairs are cutting back and cannot afford to pay to have the educational trailer in attendance. The cost is approximately \$50,000 (including per diems for workers). They are looking for joint funding from the processors/hatcheries to offset some of the costs and promote chicken. The shortfall in 2014 may be as high as \$30,000 so the BCCGA is looking for any contribution of money or man hours to work at the trailer.

Processors indicated that Ag in the Classroom and PNE Egg Auction could fund this in part. BC Youth in Agriculture also could fund this. Hatcheries provide free chicks. The GM indicated that the endeavor of education at events like the PNE is worthwhile, especially for myth busting. The processors indicated that once they have received a budget, goals and messaging from the BCCGA they will provide a response.

7. Other Business – Cycle length committee:

B. Bilkes stated that information has been received from HEC. A meeting will be scheduled in the next few weeks. The GM noted that the current BC Chicken Facts has current cycle length numbers.

AI Insurance:

BCCGA has passed a motion to accept the captive insurance. Await FIRB review, which may take a while.

Class I antibiotics:

Excenel injections at the hatchery will cease effective May 15, 2014. It is expected on farm mortality will rise. Impacts may be felt through the entire poultry industry. There is a meeting Dec 3rd with Dr. Cox to discuss this issue.

Pricing and Production Advisory Committee (PPAC) – November 14, 2013

8. Next Meeting Dates:

January 8, 2014 at 1:30 pm is to be retained for future meetings. Agenda items are to be sent to the Chair in advance of the meeting.

The meeting adjourned at 11:35 a.m.

\\bccmbsbs\data\Administration\Pricing & Production Advisory Committee\Minutes\2013\JCmin13Nov14.doc

TAB 7

MINUTES: Pricing and Production Advisory Committee (PPAC) – April 16, 2014 – 9:30 a.m.

Present: R. Bathe, D. Krahn, S. Cummings, E. Silveri, K. Thorpe, K. Huttema, C. Rickson and S. Wilson.

Present via Telephone: B. Whitta, R. Baylis, and B. Bilkes

Absent: S. Mak, B. Vanderspek, G. Esau, F. Redekop, and K. Nash

Guests: C. Davie, K. Lowe.

1. Call to Order:

S. Wilson called the meeting to order at 9:30 pm. A roll call was done.

2. Confirmation of Agenda:

The agenda was confirmed as presented, with two additions, Class I Antibiotic Initiative and Differential Growth.

3. BCCMB New Entrant Grower Program Exemptions draft document:

C. Davie made a presentation on the draft document dated April 1, 2014 as prepared for the PPAC Exemption Sub-Committee. The sub-committee has now tabled the report for the full PPAC, with the view to forward the request to the BCCMB and then on to BCFIRB respecting proposed exemptions to the new entrant grower program. The document had been previously circulated to the PPAC, prior to the meeting.

The PPAC discussed the document. Four items were brought up for inclusion into the document presented, with all parties in agreement:

1. On page 4 under background, when the BCCGA confirmed support for this in 2005 they requested that the proposed exemptions be included.
2. On page 9, the document states that the Board is in the middle of consultation on the organic policy but that has been completed so the document should be updated.
3. On page 10, one of the proposed exemptions has been excluded and should be included for a change in percentage of ownership between existing shareholders within a company
4. On possible inclusion to the SAFETI analysis was the increased industry stability obtained through the exemptions

At this time, the committee members turned the discussion to other aspects of the new entrant grower program that they may wish to provide recommendations on.

The first aspect was if there would be any benefit to separating the mainstream and specialty new entrant grower pools. With the current new entrant grower program and allocation process, the specialty quota issued to new entrant growers reduces the kilograms allocated to all producers as there is only one allocation from CFC. The Board may have to look at establishing specialty new entrants through growth in the specialty

Pricing and Production Advisory Committee (PPAC) – April 16, 2014

markets if there are not many specialty quota transfers, as has been the case in the past.

The second aspect was whether or not new entrants issued quota by the Board should be able to transfer any of the quota. The idea is that the new entrants could be issued a larger amount of quota, however it would be partially or 100% non-transferrable. This would ensure that new entrants could have more efficient operations and they would be more likely to remain in the industry. There was discussion on the recommendation that PPAC made to the BCCMB in April 2013 regarding this topic and why there was not response to that document. This issue of non-transferable NEG quota had been rejected by FIRB in 2005, however the PPAC now contends that there is a history which will show that the growers are only making a 10 year investment and cashing out after the 10/10/10 rule has been met.

The PPAC discussed two options to proceed with the exemptions report:

1. Update the exemptions document with the four points above, including a paragraph stating that much of the information provided in the discussion paper is for the purposes of background information and that by approving the discussion paper, the PPAC is not endorsing all other aspects of the New Entrant Grower Program. The PPAC is only endorsing the policy recommendations. This document can then be forwarded to the Board and the PPAC can continue discussions on the remaining two items. Additional discussion papers can be forwarded as they are developed and approved.
2. Staff can research the additional points discussed at today's meeting and provide the additional information to the PPAC. The PPAC can then draft recommendations on these additional points which can be incorporated into a larger New Entrant Grower Program Discussion Paper.

The PPAC has decided that they would like to proceed with Option 2 and have staff research the additional points and forward all items in one document to the Board as a recommendation.

The members of the PPAC commented on the lack of structured follow-up from the BCCMB. S. Wilson is to send a letter to the Board to accompany the minutes so the Board can respond with feedback on the PPAC recommendations.

C. Davie left the meeting (10:40 a.m.).

4. Update of CFC Specialty Program:

C. Rickson made a presentation of the new CFC Policy respecting Specialty Production. The CFC Policy was approved by CFC on November 26, 2013, but was only recently

Pricing and Production Advisory Committee (PPAC) – April 16, 2014

released to industry. The PPAC also reviewed the Specialty Commitment Form and the April 7, 2014 letter to CFC from the BCCMB outlining BC's concerns with the policy. It was noted that the base adjustment discussions continue with CFC.

The outline of the new Policy was:

- It works much like CFC MD policy
- Policy not include organics as specialty
- Processors give yearly numbers in advance (global number), may decrease only prior to start of the period (never increased). Separate numbers for TC and Silkie required every period when allocation is set for the specific period.
- Processors will get what they ask for. Is dependent on barn space in your grower group (quota utilization will be the tool that can be used to ensure that allocation requested can actually be produced).

PPAC understands that there is a base adjustment coming and is requesting that the Board keep them apprised as to how those negotiations are going as well as what BC is requesting.

5. Reclassification of Certified Organic and Redbro chicken:

C. Rickson explained the April 11, 2014 notice to BC industry respecting the reclassification of Certified Organic and Redbro chicken from Specialty Quota to Mainstream Quota.

The reclassification causes several changes to Board policies in a graduated manner. The timeline is as follows:

1. Effective with shipments A-126:

- Certified organic and Redbro change to mainstream.
- Growers holding SQ producing organic chicken as of April 11th will be permitted to continue to grow organic using specialty quota.
- Processors may contract with mainstream growers to grow certified organic once the growers have received 3rd party certification.
- The Board will no longer set the price for Organic chicken.

2. Effective with period A-128 (January 1, 2015):

- Annualization of quota is no longer permitted except at the discretion of the Board for self marketers who market on a seasonal basis.

3. Effective July 1, 2016:

- Grandfathered growers (growers using specialty quota to grow organic as of April 11/14 have to choose between 2 options: (1) convert specialty quota to mainstream or (2) retain specialty quota and produce TC or Silkies.
- Section 28.6 of the General Orders will be enforced.

Pricing and Production Advisory Committee (PPAC) – April 16, 2014

- Part 7 & 8 of the General Orders are repealed.

The PPAC discussed the document and presentation. There was some concern as to what would happen to the market if all Specialty quota holders producing organic chicken decided to remain specialty producers and switch to Asian birds. Staff provided a brief explanation on how the process works, and commented that this should not be an issue as no more NEG quota will be issued for specialty until after July 1, 2016.

6. Category 1 Antibiotics

The PPAC discussed the possible effects the upcoming ban on category 1 antibiotics may have on poultry production in BC.

The hatchery representative updated the PPAC on the meeting between Dr. Cox, S. Nelson (BCBHEC), B. Vanderspek (BCCMB) and himself (Hatchery Association). An idea was floated that an MOU could be drafted where for one cycle; the hatcheries would provide an additional 2% chicks, the hatchling egg producers did not send any washed eggs to the hatchery and the BCCMB increased the underproduction sleeve from 6% to 10%. He reported the Hatchery Association was unwilling to commit to provide the extra chicks and the BCBHEC was unwilling to commit to sending only unwashed eggs to the hatchery. Staff noted the BCCMB was willing to increase the underproduction sleeve for a single period provided an MOU was signed by all parties.

The committee discussed the merits of the proposed MOU. The processors suggested just having the BCCMB increase the under marketing tolerance, to relieve pressure on the hatcheries. The growers suggested coupling this with the hatcheries providing an extra 1-2% chicks to all growers, to ensure the processors would not be short of product.

There was no consensus on this subject however the PPAC has requested that staff provide some statistics regarding first week mortality as this can be compared to first week mortality during post ban and the effect on production can be determined.

7. Differential Growth:

The PPAC briefly discussed the differential growth issue. The processor members do not want the BCCMB to give up any growth unless a few conditions are met. These conditions have not been solidified but will be in the near future and provided to the Board in written form. One of these conditions may be that none of the western growth is shifted out of the west to Central Canada. The western processors are meeting as they feel there are things going on that are not good for western producers/processors and are putting together a letter.

Pricing and Production Advisory Committee (PPAC) – April 16, 2014

8. Next Meeting Dates:

June 24 at 9:30 am is to be retained for the next meeting. Agenda items are to be sent to the Chair in advance of the meeting.

The meeting adjourned at 12:05 p.m.

\\bccmbsbs\data\Administration\Pricing & Production Advisory Committee\Minutes\2014\JCmin14Apr16.doc

TAB 8

**MINUTES: Pricing and Production Advisory Committee (PPAC) –
December 16, 2014 -- 11:00 a.m.**

PRESENT: R. Bathe, R. Baylis, D. Krahn, B. Redekop, F. Redekop, S. Cummings, A. Cross, J. McDowell, K. Thorpe, E. Silverl, K. Huttema, C. Rickson, B. Vanderspek, K. Landon, and S. Wilson.

ABSENT: J. Neels, B. Whitta and K. Nash.

GUESTS: DA Janzen and K. Froese, K. Lowe and C. Davie.

1. Call to Order:

S. Wilson called the meeting to order at 11:00 am. He introduced Karen Landon as the new PPAC Chair effective January 2015.

By way of conference call, R. Baylis participated.

2. New CFC Allocation Agreement:

C. Davie joined the meeting.

C. Davie provided a power-point presentation and an explanation of the contents of the agreement and how it works. The MOU has been signed, and requires amendments to the CFC Operating Agreement which will take some time and 21 signatures. The new formula commenced operation in A-127 to set the allocation. CFC is using the new formula under the exceptional circumstances and also for the Ontario discrete supply portion. Copies of the presentation were handed out at the meeting at the end of the presentation.

The eight components in the new formula are:

1. Provincial Share of the national base allocation: 45%
2. Population growth: 7.5%
3. Income-based Gross Domestic Product (GDP) Growth: 7.5%
4. Consumer Price Index (CPI) all items: 7.5%
5. Farm Input Price Index (CIPI) commercial feed: 10%
6. Quota utilization: 7.5%
7. Further Processing: 10%
8. Supply Share: 5%

Pricing and Production Advisory Committee (PPAC) – December 16, 2014 cont'd

Staff review of the first 3 periods of use versus the old method provided the following results:

SCENE ALLOCATION FROM CFC (KG EVIS)				
With New Diff Growth Agreement (KG EVIS)				TOTAL
	4,127	4,125	4,123	
Domestic				
Mainstream	22,023,519	22,248,884	24,160,719	
Specialty	781,087	720,747	814,241	
(OTA)				
Domestic	22,804,606	22,969,631	24,974,960	
Using Old Agreement (KG EVIS)				
Base				
Atlantic	21,436,850	21,436,850	21,436,850	
National				
Growth	1,00%	1,00%	1,00%	
Diff Way				
Domestic				
Atlantic	21,436,850	21,436,850	21,436,850	
Difference				
NEW - OLD				
Domestic				
Allocation	637,815	641,833	634,150	1,715,998
LIVE RG	832,762	740,901	862,930	2,434,603

Processor members asked that a recap of the CFC specialty program presentation be made to illustrate how it fits into the new national allocation agreement. This will be presented to PPAC at a future date.

C. Davie left the meeting.

The ED was asked to provide some insight to the Atlantic Canada Safeguard Agreement. It caps the Atlantic at a hard number, anything over that number they only give up 1 kg for every 2 kg in the formula. It will not be required if national growth is above base plus 1.5% (the usual growth pattern for Canada). The ED noted that the PPPABC has filed an appeal to BCIRB on the Board's decision to sign the MOU. He noted that it has also been appealed in Manitoba. CFC is aware of both appeals.

3. Organic Pricing – update

B. Vanderspek provided an update on the progress being made developing a new COP and procedures to determine the organic price at the PPAC.

Pricing and Production Advisory Committee (PPAC) – December 16, 2014 cont'd

B. Burden of Serecon now has most of the data, however it appears a pricing model will not be in place for A-128 as originally expected. Further work on the model is required in the area of normalizing the data. B. Burden requires more discussion with the participants prior to finalizing the COP which cannot be done with the current movement restrictions in place due to AI.

The committee reviewed the November 12, 2014 from R. Kilmury of the PPPABC and the November 14, 2014 response of the BCCMB. The Board is requesting clarification as at an industry meeting there was unanimous agreement that the Board should commence with a review of organic cost of production formula and reinstate the practice of establishing a minimum live price for certified organic chicken. The letter from the PPPABC appears to the board to be at odds to the industry consensus.

The Processors clarified that they need to know **how** the price will be set – not using just the COP or negotiating a price after the COP results are known. The ED note the COP will come to the PPAC for discussion and negotiation every 16 weeks. The PPAC will send a recommendation to the Board and the Board will take the input and set the price.

Processors feel this method may create conflict within the PPAC. A Board member noted that the Board had fully intended for it to be set between a processor and a grower individually but was drawn back in at the request of both growers and processors. Processors want assurance that organic growers will not automatically receive 100% of their COP – processors would be willing to look at a formula taking into account the COP as one component of the price. The ED noted that there are currently no prices being set in Ontario or elsewhere in Canada.

Linkage:

The ED noted that the BCBHEC and BCCMB have agreed to proceed with the linkage update for mainstream chicken, however on-farm surveys are now on hold due to Avian Influenza. Some items contained in the linkage are still under discussion, but they will not impact the collection of data from growers. The linkage update will be put on hold until further notice.

4. October 31, 2014 letter from FIRB re: request for further clarification of transfer assessment amendment proposal:

The Committee reviewed and discussed the October 31, 2014 letter from FIRB. FIRB is requesting further clarification on the report approved by the PPAC and submitted by the BCCMB to FIRB. A copy of the proposal dated April 24, 2014 was previously circulated by staff and provided again as a hard copy to the meeting.

The Board is asking the PPAC if it is their wish to continue pressing forward with the proposal, in which the Board will need additional information be provided by the PPAC.

Pricing and Production Advisory Committee (PPAC) – December 16, 2014 cont'd

The grower members of the PPAC prefer to have staff work on responding to FIRB's questions. The processor members of the PPAC concur. The consensus of the PPAC is to ask the Board to proceed. The ED will take the matter back to the Board.

5. Under/Over production sleeves wrt Organic Production:

Staff noted C. Spitters agreed that his item be removed from the agenda as his concern has been addressed by the Board and due to the current outbreak of AI hitting the Fraser Valley.

6. AI Related topics:

K. Lowe updated the committee on the Avian Influenza outbreak in BC. There are 10 infected premises (turkey, table eggs and hatching egg farms), of which none are broiler farms. The 10th will be depopulated tomorrow. No new cases for the past 3 days. There does not appear to be a pattern to infection.

Some permits from CFIA are being processed a day in advance. A rate of 70% applicant error is holding up the issuance of permits. Board auditors are assisting CFIA to get the permits out and prioritize requests. It was asked if CFIA was denying any permit requests for specific permits. K. Lowe responded that some permits have merely been put aside and have not been dealt with. CFIA want to be able to track historically any movement.

Some decisions were made respecting manure movement for areas outside the 1 km zone. It must be heat treated prior to movement, and requires a special permit by the manure hauler. Growers will have to verify they have heat treated their manure. The Board feels that there will be no need to double batch bedding on farms. The PPAC Chair encouraged growers to document their barn temperatures when treating manure, CFIA may require paper documentation.

K. Lowe thanked the processors and hatcheries for populating the Google spreadsheet with data.

The grower members of the PPAC asked if the Board has a plan in place to ensure there will no shortage of chicken being grown in BC. The ED responded that the Board has not yet met. He noted that at this point no plan has been developed beyond ensuring space is found for placements not able to be placed in the 1 km zone. He commented on trigger points for further action have been discussed by the GM's and on the Commodity Board's conference calls.

The Processor members noted a letter has been sent to the BCBHEC asking for sharing eggs on a market share basis on a going forward basis. The processors noted BC

Pricing and Production Advisory Committee (PPAC) – December 16, 2014 cont'd

production will be short 6-8% and need to request additional hatching eggs and request DFAIT and CHEP for special supplemental imports.

On the chicken side the processors commented that they may request that the board mandate for sharing available chicken in a market share basis if required, but will continue to work collaborative basis. Maximizing barn space is also under a topic for discussion. Processors do not want quality to suffer from increased densities, but want quantity, without causing animal care issues. Processors would like a formal setup (framework) to stop infighting for barns should the level of production drop to 80% or below as more cases of AI occur.

The ED noted with the dropping of MD requests, 6% more barn-space will be available. The ED is willing to set up a task force (or working group) with Board staff and hatchery staff to maximize available barn space and will arrange for a meeting tomorrow.

Processors noted the biggest challenge will be finding eggs if any more HE farms become infected.

The group discussed trigger points and plans that can be formulated and put into place when needed. The plan could include such factors as:

- Density requirements
- Domestic leasing
- Grow outs in unregistered or registered barns
- Maximizing available barn space in all regions of the province.

The grower committee requested a grower from the BCCGA be on the committee. The ED stated he would take the request under advisement and present it to the Board. One processor member commented he would support a grower being at the table.

The Chair thanked the participants and ended the meeting at 12:50 p.m. The next meeting will be at the call of the Chair.

TAB 9

MINUTES: Pricing and Production Advisory Committee (PPAC) – February 19, 2015 -- 2:00 p.m.

PRESENT: R. Bathe, D. Krahn, F. Redekop, S. Cummings, (J. McDowell, R. Baylis, B. Whitta via conference line) E. Silveri, K. Huttema, J. Neels, C. Rickson, and B. Vanderspek.

ABSENT: K. Landon, K. Nash K. Thorpe, A. Cross, and B. Redekop.

GUESTS: C. Spitters, R. Smith and G. Gauthier (acting a chair)

1. Call to Order:

G. Gauthier called the meeting to order at 2:05 pm, noting that K. Landon was away and unavailable to chair the meeting.

The Chair completed a roll call. The agenda was approved as presented.

2. PPAC Membership:

The PPAC was asked by the Board to provide advice on its makeup arising from the organic pricing discussions moving from the SMAC to the PPAC. The ED read aloud Schedule 2 of the BCCMB General Orders, specifically respecting the membership of the PPAC.

Processors questioned the need for more members based on differing types of chicken (organic, ABF, roasters etc.), noting a chicken is a chicken, and where to draw the line. Processors noted that there is opportunity for organic growers to be appointed on the PPAC as a grower member or alternate without making a further additions to the committee.

Growers raised concerns respecting the balance of the committee with the addition of more members. The growers commented that perhaps an organic grower could attend only to discuss the issue of organic pricing and no other matters related to the PPAC. The growers commented that having an organic COP is different than how the mainstream price is set via formula.

G. Gauthier noted that C. Spitters was invited as the grower chosen to represent the organic growers for the pricing portion of the meeting only.

The consensus of the committee was to have C. Spitters appear today to make a presentation and table the matter until after today's pricing issue has been addressed.

3. A-129 Organic live pricing recommendation to the BCCMB:

The Chair handed out copies of the Serecon COP for Organic chicken dated February 19, 2015 which was previously circulated this morning via email.

The PPAC received an updated copy of the Serecon Organic COP dated February 19, 2015. The ED explained the organic pricing process as follows:

Pricing and Production Advisory Committee (PPAC) – February 19, 2015 cont'd

- Serecon COP is updated every 16 weeks for feed and chick and circulated to the PPAC.
- PPAC meets to determine a recommendation for the organic live price and forwards its recommendation to the Board.
- The Board sets the organic live price upon receipt of the advice of the PPAC.

The ED explained that the COP produced a price of \$3.8844 per kg for A-129 as of January 15, but that a recent substantial increase in feed increases could indicate a price closer to \$4.3515. The committee discussed the results of the COP. It was noted that organic growers may now prefer to have the COP updated every 8 weeks and that none of the organic production is self-marketed at this time.

C. Spitters joined the meeting to make a presentation to the PPAC. Introductions were made.

He noted the organic growers have had several rounds of consultation with Serecon. He thought the numbers were now fairly close at \$3.84 in the model from around January 23, 2015. He noted his feed price for Oranya Farms has increased by \$150 in the last couple of weeks. He commented that as Oranya Farms is a farm larger than the model, he is losing 3 cents a kg that the model does not capture. His barns are running at half capacity, his heating costs are double and once the doors are open in April, his heating cost is through the roof. He does not like the business model for acreage encompassed in the COP which affects his individual COP – he is the low cost producer.

When asked if he had a specific number in mind for the price, he commented that he cannot carry 30 cents (feed conversion rate for the \$150 feed price increase – an increase of 20% since the beginning of February). His costs have increased \$100/week. He was thinking the price should be in the area of \$4.20/kg.

The processors asked for clarification on what the timeframe is and if feed cost increases should be incorporated. He has no issue with the timeframe, but would prefer every 8 weeks as he cannot “eat” \$150 for 16 weeks or 2 periods. He would prefer period by period pricing.

The processors asked if 8 weeks the right timeframe or 16 weeks or something else. Spitters responded that it should work for 2 periods, this is a unique situation (rail strike and volatile feed costs). He would like A-129 addressed as a unique situation as 2/3 of the birds are already in the barn today. He is 2 weeks away from placing A-130 production.

He also commented there were 2 other concerns for his farm besides the 3 cents. He has cut his hydro by 50% by changing lightbulbs and spent \$40,000 on an insulating machine, neither which are reflected in the COP and won't be until such time as the full COP is updated. His point is that he is spending this money and it is bringing the price

Pricing and Production Advisory Committee (PPAC) – February 19, 2015 cont'd

down. He provided the PPAC with a copy of a letter from Bradner BC feed company dated February 12, 2015.

C. Spitters left the meeting.

The PPAC discussed the issue of setting an organic price. Processors noted they wanted a competitive price, based a made in BC COP that is competitive with Ontario.

The growers asked where the feed pricing comes from. The ED responded that Serecon contacts feed-mills across the country and the 3 mills in BC.

The processors suggested that they follow the same protocol and lag time used for the rest of the BCCMB/BDBHEC linkage COP (last 4 weeks of A-129 and last 4 weeks of A-128). Processors need a set of data that sets the price for the next set of data, and cannot set price on speculation or 4 days of data.

One processor suggested that the price should be continued to be set via direct negotiation between the grower and processor for quota period A-129. The consensus of the processor members was that they have no position to put forward at this time.

Growers recommended that the organic price be set every 8 weeks and the lag be 2 to 10 weeks. The processors concurred with the concepts.

The PPAC could not make a recommendation for pricing A-129 beyond the above agreed upon concepts.

4. Proposed amendments to Recommended Code of Practices:

There has been a recommendation to amend the Code as follows for stocking and lighting. The Board is seeking the advice from the PPAC prior to forwarding comments to CFC on the following:

TOPIC	Current Requirements	Proposed Requirements
Low Density	31 kg/meter squared	33 kg/meter squared
High Density	38 kg/meter squared	42 kg/meter squared
LIGHTING Program	Voluntary	Mandatory (some darkness required)

Stocking densities:

The ED explained that these proposed changes in density are initiated from Quebec. Any changes made to the Code may cause changes to the CFC Animal Care Program but do not necessarily have to be reflected in the BCCMB General Orders.

Pricing and Production Advisory Committee (PPAC) – February 19, 2015 cont'd

The ED brought forward the topic of stocking densities, as A-130 allotments are above 100%, and some growers do not have sufficient space. The current General Orders allow for higher stocking densities, and CFC permits an even higher one as per the above table.

Processors commented that the feedback they are hearing from their customers and the general public do not recommend increasing densities. It was noted the 33 kg/square meter is the equivalent to the European standard.

Growers felt that the densities will need to be looked at in the future to keep BC growers competitive with their counterparts across Canada. If the Code is changed, it might be a good trigger to revisit this issue.

It was suggested that any comments be forwarded in writing to the ED within the next 2 weeks.

Lighting program:

Currently a lighting program is voluntary under the Recommended Code of Practice. There is a move toward making a lighting program mandatory, and requiring some period of darkness.

It was suggested that any comments be forwarded in writing to the ED by either side of the PPAC or by any interested individuals.

5. Ontario COPF:

The Chair reported that there will be a meeting March 3, 2015 in Ontario where CFO will explain the formula to provincial chicken Boards.

The ED reported that CFO will set their live price for quota period A-129. He provided some historical background. CFO has appealed for reconsideration of several items in the formula, but this will not occur in time for A-129 pricing. The price in Ontario is down 2.2 cents to \$1.556/kg live weight. He reported that at this time BC does not have a price, as it awaits completion of pricing in the Prairie Provinces.

A processor member noted the new pricing order in Ontario is based on a different category that what was used in the past. If compared to the category that was used in the past, the price is only down 0.2 cents.

6. Proposed Amendments to the CFC Operating Agreement:

The ED reviewed the process to amend the CFC Operating Agreement, and outlined a timeline for the process to occur for incorporating the MOU (which was agreed to by all 10 provinces). Any changes to the OA will require 21 signatures (10 provincial chairs, 10 supervisory chairs and CFC Chair). Multiple provinces have indicated they have

Pricing and Production Advisory Committee (PPAC) – February 19, 2015 cont'd

concerns with the proposed amendments and are not in a position to sign the OA in time for tomorrow's conference call to hold a special vote.

R. Smith outlined the 4 concerns of the BCCMB which were sent to CFC in a letter which were:

- Amendments to Annex 1 for recognition of permit production (2000 birds per year).
- Require clarity in further processing component of allocation formula and how it is being measured.
- Impact of CFO COPF analyzed and understood.
- BCFIRB required to give approval before BCCMB can sign amendments to OA.

7. AI Grower compensation:

The ED led the group through a scenario of proposed compensation for growers in the 1 km zone who were forced to lease out their quota at 32 cents/kg live weight arising from AI. It was noted that compensation was offered in the 2004 AI outbreak. 17 growers were affected by this. The proposed compensation suggested after consultation with feed companies and using the average return was 4 cents/kg live weight.

The Board is requesting the PPAC to provide advice on the proposed plan.

The grower members of the PPAC felt that the growers should be compensated, but felt that this was not an issue for the PPAC, that the BCCGA have already provided their comments.

One processor member of the PPAC indicated that if growers are being compensated, then so should the hatcheries. It was felt this issue of compensation should be part of a larger discussion by industry and not focused at the primary production level. Processors are still paying the price on the export side as markets continue to be closed. Processors feel that they are not receiving enough recognition for the ongoing impact to their operations.

Growers commented they recognize what the hatcheries and processor continue to go through.

The PPAC had for further advice to go forward to the Board.

Pricing and Production Advisory Committee (PPAC) – February 19, 2015 cont'd

8. Other Business:

None.

The Chair thanked the participants and ended the meeting at 3:45 p.m. The next meeting will be at the call of the Chair.

B:\Administration\Pricing & Production Advisory Committee\Minutes\2015\JCmin15Jan19.doc

TAB 10

**MINUTES: Pricing and Production Advisory Committee (PPAC) –
November 24, 2015 -- 10:30 a.m.**

PRESENT: R. Bathe, R. Nickel, D. Krahn, F. Redekop, K. Thorpe, E. Silveri, R. Baylis (via telephone), B. Whitta (via telephone), S. Cummings, Mark Driediger, B. Vanderspek, C. Rickson, and K. Landon.

ABSENT: K. Huttema, P. McCartan, J. Neels, and J. McDowell.

GUESTS: G. Gauthier.

1. Call to Order:

K. Landon called the meeting to order at 10:30 am.

The Chair completed a roll call.

The agenda was approved as presented. The committee approved the final minutes of the October 1, 2015 meeting as circulated.

3. Organic Pricing for A-134 (November 29, 2015 – January 23, 2016):

Staff noted that there has been no Serecon update received at the Board office yet.

The Chair reminded them that the Board will set the price at 100% of the COP unless varied by exceptional circumstances as per the General Orders, and that this practice will remain in place until the PPAC provides the Board with a recommendation on another method that provides transparent, dependable, sustainable, and predictable results.

The Chair reminded the PPAC that the deadline to trigger exceptional circumstances is Monday November 30, 2015 at 3:00 p.m. BC time and required a written rationale.

The processors commented they are want to meet with the Board to discuss the organic issue further, then will consider their options and put a proposal forward to PPAC. The processors will make this request directly to the board.

4. Pricing and Catching costs A-134:

The Chair noted that the current mainstream pricing agreement concluded at the end of A-132 and was extended for one period (A-133) Without agreement of the PPAC, the price reverts to the formula found at Schedule 19 of the August 26, 2011 BCCMB General Orders, the weighted average of Ontario and the Prairie Provinces plus a differential of 4.35 cents/kg live weight. She commented that the PPAC agreed to extend the pricing agreement for A-133. She also noted the Board will be setting the A-134 live price on Friday November 27, 2015 by conference call.

The growers updated the PPAC committee on discussions outside of the committee meetings respecting this issue. Growers and processors agree unanimously to extend the current existing multi-period agreement forward for 6 cycles (A-134 to A-139 inclusive) with all existing caveats. FIRB is to be notified.

Pricing and Production Advisory Committee (PPAC) – November 24, 2015 cont'd

MOTION: Moved and seconded:--

That the PPAC agree to extend the current existing multi period agreement for 6 periods period (A-134—A-139 inclusive) only keeping all existing caveats and pricing differential of 4.85 cents in place. **CARRIED UNANIMOUSLY.**

5. Other business:

Amendments to Code of Practice

B. Vanderspek noted the survey ends December 4th, for the national public comment period. The ED encouraged all processors and hatcheries to participate. The survey will take approximately 1 hour.

Lack of participation may precipitate things being incorporated into the Code that growers, processors and hatcheries do not want. The ED promised to forward the link to the PPAC chair who will forward it to all members. The grower members indicated that a reminder will be sent to all growers. Associations' responses will carry more weight than individuals.

CFO details on COPF pricing mechanism:

There is a meeting scheduled in Ottawa next week for CFO to outline all details respecting their pricing formula. The processors asked if there is any methodology to challenge or influence or change of any components going forward.

DRA update:

The ED updated the committee on the proposal coming forward from CPEPC. It is expected that something will be circulated to the CFC directors prior to their board meeting next week. The processors felt that an agreed upon proposal may be an unreasonable expectation. It appears unlikely at this point that the amended CFC OA will receive the required 21 signatures any time soon. SK has indicated they will not sign it unless there is zero loss to their province.

Serecon Linkage:

The ED updated the committee. The data and surveys are now complete. A meeting to discuss the numbers once they have been tabulated and circulated, will be scheduled early in the New Year for both the BCCMB PPAC and the BCBHEC PPAC.

Supply:

BC Processors indicated that it has been a good year for volume, the higher than normal allocations have been helpful. Due to high beef and pork prices, chicken has been filling the void. Processors do not expect this trend to continue and fear a correction in the market in the near future. Processors indicate that supply is still tight on any given day for meeting the fresh market.

There is an abundance of frozen and further processed product from the East in BC stores. Ontario has 54 de-boners while there are none or maybe one in BC. This is due

Pricing and Production Advisory Committee (PPAC) – November 24, 2015 cont'd

to the nature of the product coming into central Canada as TRQ and fowl meat. The processors stated they have done a survey, commenting that they may be able to share the results with the PPAC in the future after it has been presented to the BCCMB.

The PPAC entered in to a discussion on the TRQ that will be available arising from the new TPP agreement. Processors indicated that total supply should be the discussion and not one offs from individual components to deal with the disparity between TRQ holders in the east versus the west. Growers suggested that CFC should control this portion of the TRQ to solve this problem, and may assist in getting buy in for the MOU (which could contain this component). It was suggested that each group further discuss the issue and come forward with proposals for future discussion.

The Chair thanked the participants.

The consensus of the group was to have the next meeting on January 21, 2016 at 10:30 a.m. if the agenda warrants a meeting. The committee will receive a reminder 2 weeks in advance to see if a meeting is needed, otherwise the meeting will be cancelled.

The meeting adjourned at 11:20 p.m.

B:\Administration\Pricing & Production Advisory Committee\Minutes\2015\jcmIn15Nov24.doc

TAB 11

August 16, 2011
9:00 a.m.

NOTES FROM MEETING BETWEEN BOARD AND BC PROCESSORS RESPECTING DIFFERENTIAL GROWTH

Present from the Board: DJ. Janzen, J. McComish, C. Rickson and B. Vanderspek.
Present from the BC Processors: S. Cummings, K. Thorpe, E. Silveri, K. Nash, and K. Huttema.

Differential Growth:

A written discussion document (Briefing note of July 27, 2011) prepared by BCCMB staff was circulated and read aloud by B. Vanderspek.

DJ Janzen updated the meeting on CFC developments. It was circulated at the CFC July summer meeting for discussion. The Executive continues to travel across Canada to obtain input. The only region that is under allocated is Central based on population. The West is properly allocated, but how the number is divided amongst the western provinces is not evenly distributed.

Processors asked how the Board could come up with a letter in September 22, 2008 to give up growth. The GM responded that the letter will be circulated to this meeting and clearly shows BC provided opinions to questions asked, but no decision were made to give up anything, nor would the Board attempt to do any such thing without first having consultation with industry stakeholders. The letter was circulated to the meeting.

DJ Janzen commented that CFC is attempting to come up with a solution that would not require signatories signatures (amendment to the CFC Operating Agreement) and that 10 provinces could agree to. CFC is submitting proposal #1 as it is a reflection of the concerns endured in going through this process over the last 4 years.

S. Cummings commented that during 2001 the Board signed back into the FPA on the understanding that differential growth would be part of the agreement. He stated that he commented at that time that the addition of 929,000 kg to the base would come back and "bite BC in the ass". DJ Janzen commented that it only "bites us" if we talk population versus market share. It is to our advantage under scenario #1. He also noted the Operating Agreement does provide for differential growth, but there is no appetite to allow for it as there is no large growth being experienced at this time.

Notes from Meeting with BC Processors re: Differential Growth

The processors noted the Central Canada holds the majority of TRQ while the West holds only 8% and is part of the existing supply and should be included in the discussions. With the inclusion of TRQ (75 million kilograms), Ontario's shortage becomes an overage. The meeting discussed the TRQ issue, however it was pointed out that the issue for discussion is live chicken production by farmers in each province. DJ Janzen agreed to look at the situation and the relative impact of the TRQ on the numbers if possible.

Processors commented that all 4 scenarios are not good for BC (status quo is the best scenario) and do not want to give up growth under any circumstances. They commented that rather than going backwards, BC should join Alberta in leaving the CFC and the National Chicken Plan. DJ Janzen cautioned about facing a wall of chicken from Central Canada, who is willing to supply chicken to all. E. Silvieri commented that "we have the space" and can provide the supply. K. Thorpe noted that CFC's scenario is a "form of punishment". E. Silveri noted that he cannot see the BC government being amenable to giving up growth for nothing. K. Huttema commented that inter provincial movement of quota should be allowed, "Why give it away when you can sell it regionally". The TRQ situation puts the West at a distinct disadvantage.

Processors noted that if the West left the CFC, Import controls would remain in effect. WTO tariffs are not subject to supply management and a national agency. There will be a period of unrest then talks will resume and all provinces will come back into the national agency with new "bases" as Alberta and hopefully BC gains marketshare growth while again out of the national chicken plan.

The Processors support a market solution rather than any suggested scenario put forward by CFC. Processors are willing to go head to head with Ontario if required. BC Processors do not want to give up any production especially in light of history. The GM reiterated that the BCCMB is not supporting any position at this point, and has not made any decisions, this is just a consultation process at this point. Processors asked where the growers are at in the process?

S. Cummings noted that the way the CFC OA is written is not being followed, that at the CFC meetings, the Directors are doing and agreeing to something else rather than allowing differential growth. It was noted that allowing differential growth means some province is going to grow less. The GM noted that if provinces had agreed to CPEPC's numbers for the past several allocations, all provinces would be growing a lot less chicken.

Notes from Meeting with BC Processors re: Differential Growth

DJ Janzen summarized the BC processors' position – never give up anything (allocation/marketshare/growth), but they also want to have differential growth if or when they want it in the future.

The GM noted that discussions will be occurring with FIRB and MAL on this issue as well.

The meeting adjourned at 10:30 a.m.

\\bccmbsbs\data\Administration\BCCMB Minutes\Meeting Notes\differential groth meeting notes Processors Aug 16 2011.doc

TAB 12

NOTES FROM MEETINGS May 3, 2012 BETWEEN BOARD and BCCGA and PPPABC

The Agenda for both meetings:

- Proposed joint Western Position on differential growth
- Consultation document of property ownership/multiple licence/domestic leasing cap
- 2nd consultation document on NEG program
- TRQ
- May BCCMB Board Report
- Changes to General Orders
- ACP
- Density

Meeting with BCCGA @ 10:00 a.m.

Western Position

- FPCC serious about using section 23 power (competitive advantage)
- BC must find strategic way forward – Western joint position
- Talk today → mechanism going forward and tactical position
- BC's growth will slow over time if something not done
- Board needs easy way to facilitate discussion and get information out.
- Next Western Meeting scheduled for May 17th – Board needs a clear idea on timing for it.
- Noted the Board will be having the same discussion with the Processors this afternoon.
- In favour of a pared down PPAC subcommittee to deal with this issue at the start.

Discussion Document

- Property ownership/domestic lease cap/multiple licences
 - Draft ready to go out
 - Will have interactive document on the website.
 - The growers have been informed of the upcoming document at the 2 regional meetings already.
 - Will be discussion topic at BCCMB's meeting with growers May 24th re: 2011 financial statements.
- 2nd document to come on NEG Program (July?).
 - Still being drafted
 - Will include taxation formula exceptions for comment
 - Will have to obtain FIRB approval to implement a change
- Responses will be categorized and weighted

- Board will share results, develop options and circulate all to industry before the Board makes a decision.

Pricing Grid and Density

- Recommendations from PPAC accepted by the Board.
- Density memo set via Canada Post to all growers.
- General Orders amended and copies sent to industry, posted on website
- The trials for moving to 35 kg square foot was discussed.
- The CGA asked if the ACP density numbers could change? The Board responded that, this was possible after the circulation of the scientific study is completed, but the number would go down or the status quo would remain. The number will not go up.
- Grid will become effective with the start of quota period A-111.

TRQ Presentation

- There were no questions
- It was noted the presentation was circulated to all participants who attended the meeting via e-mail
- There was discussion on this being used as part of the joint Western position
- 87% if TRQ is in Central Canada
- The spent fowl is also a big issue

BCCMB May Board Report

- The growers asked if there would soon be a 7 week cycle at CFC. The Board responded "no" but noted that it is a provincial matter and for example, Manitoba currently has a 7 week cycle. It was noted that only 6% of Canada's production is on a 7 week cycle.

Other Issues:

- Specialty issues were discussed including "hysteria" also dubbed "el polo loco".
- Board expressed concern about lack of support from hatchery and processor for NEG specialty growers
- Board noted BCCMB inspectors are trying to assist, but that is not their function.
- Noted need to start up training and continuing education – mentoring program
- CGA noted they are working on the mentoring angle and will have something to report back to the Board in a couple of months as they will fast track the discussion.

Meeting ended 10:50 a.m.

Meeting with PPPABC @ 2:00 p.m.

Western Position

- Spoke to FIRB
- FPCC will use section 23 (competitive advantage) with Supply Management if all sides not negotiate an agreement
- Talked to BCCGA on this issue → CGA in favour of a “pruned down PPAC” as task group.
- Noted need to make this an agenda item for the May 17th Western Board meeting
- FIRB advised to go forward before Ontario makes its position and proposal to CFC in September.
- Processors indicated they wanted to start with TRQ
- Processors suggested a follow up meeting with FIRB and formalize BC’s position.
- The position should be that
 - BC should ask for more differential growth in place of TRQ to correct imbalance (\$100 M accrued to Ontario and Quebec) = ECONOMIC DISADVANTAGE
 - BC short of product
 - Spent Fowl is a problem
 - IREP (breast meat)
 - Change is ratio of dark meat to white meat in the consumers preference
- Processors commented that a joint position with all processors in the West is NOT solid (Maple Leaf and Manitoba are both a bit of a wild card).
- Processors expressed a concern that it is too early for a joint meeting that it might be better in September, noting that Alberta is getting ready to move to the next step.
- Processors expressed the need for BC to step out alone on this issue.
- The Board discussed the issue of mechanisms, what is the working model? “I want more because....” Noting that rationale is needed.
- It was suggested that BC ask for differential growth at the next allocation
 - Each processor is to speak to the shortage.
 - Processors must provide numbers to the Board
 - Add FPPAC’s “west needs more”.. to the mix
 - Must provide rationale.... Base plus 4% because
- The Board reiterated the need to “paint the whole picture, lay out the strategy and pound on this, this and this”.
- The processors suggested undertaking a quiet exercise in grocery stores for frozen further processed product.

- In the frozen section 14 of 16 selections in BC grocery store are NOT BC products, but from Central Canada
- In the frozen section 2 of 16 selections in an Ontario or Quebec grocery store are BC products, but from Central Canada
- The consensus of the meeting was that the issue of population to set market-share is NOT an advantage for BC and should NOT be used.
- The consensus of the meeting was to combine TRQ & Domestic production and show how BC is disadvantaged (might have to include MD and what is exported too)
- The Board noted it must consult with growers, processors, BCBHEC and FIRB

The suggested plan was to have the Board and Processors put together a document for growth then being the growers and HEC on board then go to FIRB.

- G. Gauthier to chair the committee
- R. Thiessen and B. Vanderspek to participate
- S. Cummings to discuss with processors and provide a 2nd name for the committee besides himself.
- The BCCGA is requested to provide only 1 name for the committee.

Discussion Document

- The Processors merely asked why this was being done. The Board responded to eliminate inefficiencies in the industry, noting it was a topic in the 2009 Strategic Plan – removing barriers to entry.

TRQ

- It was noted the presentation was circulated to all participants who attended the meeting via e-mail
- There was discussion on this being used as part of the joint Western position
- Want the results factored in the discussion plan for differential growth and discuss further with FIRB.

Pricing Grid and Density

- Recommendations from PPAC accepted by the Board.
- Density memo set via Canada Post to all growers.
- General Orders amended and copies sent to industry, posted on website
- Grid effective A-111 pricing
- The trials for moving to 35 kg square foot was discussed.
 - Processors will get back to the Board on who will participate from the hatchery and processing sector
 - Noted the committee should contain BCCMB inspectors too.
 - Fall timeline
 - The GM is to send a letter to formalize the “ask”.

Other Issues:

Cycle length

- Processors noted that more and more growers are requesting a longer cycle length and threatening to move if they do not get their way.
- Processors cite this move is building inefficiencies into the system.
- Processors note that it hurts everyone except the person moving. Everyone else pays the price – hatchery/HEC/processor
- The GM noted that this is a discussion for orderly marketing
- Processors commented that they could not put the complaint in writing as it would cause growers to leave them.
- Worried 2 processors may take advantage of the situation
- When asked the processors responded that it would be acceptable to grandfather the cycle lengths “as is” and put a moratorium in place on any further change in the future.
- The Board noted that this matter would be on the next agenda of the Board for discussion.

BCCMB May Board Report

- No questions arising.

Longstanding Processor Issues

- Processors will come up with in the next couple of months

BCCMB Issue

- 2 cent premium – BCBHEC have an issue with it.

Meeting ended at 3:15 p.m.

TAB 13

NOTES FROM MEETING November 19, 2012 BETWEEN BOARD and PPPABC

Meeting with PPPABC @ 8:00 a.m.

Present from the BCCMB: D. Stancil, G. Gauthier, J. McComish, DA Janzen, C. Rickson and B. Vanderspek.

Absent: R. Thiessen.

Present from the PPPABC: S. Cummings, K. Thorpe, E. Silveri, and K. Huttema.

AGENDA:

1. Briefing on differential growth (Board)
2. Discuss letter of Nov 13th (Board)
3. Self marketing (processors)
4. Specialty (processors)

1. Differential Growth:

B. Vanderspek updated the meeting with regards to differential growth discussions at the CFC table. Don Ference has continued to analyze the pros and cons and possible implications for BC of each proposal as it is tabled. The intention is to have a draft agreement in principle for all 10 provinces to be able to take back to their respective provincial boards by the end of December 2012. Some of the main stumbling blocks are:

- Ontario demanding a retroactive adjustment to their base allocation. They are holding fast on this demand which is a non-starter for the other provinces.
- BC wanting consideration for total chicken supply in a province and TRQ be part of the formula. There is solid support from the West, soft support from the Maritimes and no support from Central Canada on this issue.

Discussions continue on Nov 20-21 and in early December. If there is no agreement, Alberta will withdraw from the CFC at the end of the year (they may withdraw their notice before March 2013). Alberta has been reasonable, while Ontario has held a hard line through the negotiations.

There are 5 guiding principles that have been agreed upon. The factors that could be used in the development of a proposal or formula are currently under discussion: CPI, GDP, population growth, population share, TRQ, total chicken supply, etc.

He noted the chance of a unanimous agreement appears remote, but an agreement with 8 or 9 provinces may be possible. R. Thiessen is meeting with Quebec to explore

further any common ground between our two provinces. Consultation with the BC industry will commence once there is a draft agreement in place. Without consensual agreement at CFC, FPCC may impose an agreement based on comparative advantage.

The processors want BC to hold its ground. Team Ontario does not need more production as a whole. The Ontario growers may not have enough, but their processors have more than enough, as they hold the majority of the TRQ. CPEPC is to challenge the feed conversion rate in the CFO COP, and ask that the incremental factor be removed with respect to pricing. A letter is to come to CFC from CPEPC.

The Ontario pricing formula was briefly discussed. The new method starts in A-115 but the first actual adjustment occurs in A-117. It could alter the way chicken is priced in Canada. Other provinces are not happy with it and the major processors outside of Ontario are not happy either. There are discussions taking place on having Quebec set the price for Canada, and exclude Ontario. It could raise or lower the live price by 6.5 cents every cycle based on a complex formula. It is called "sharing the risk" and could have the effect of further tightening the market. Quebec is totally offside and are considering next step that could include a "made in Quebec" COP.

A copy of the CFO pricing proposal is to be sent to S. Cummings.

2. Processors letter of Nov 13/12:

The Chair thanked the PPPABC for the above noted letter. She asked that the processors lead the Board through the letter.

Processors must deal with customers, and have to long term contract (on a continual basis) and meet specifications, and for long periods of time. Processors do not have a secure supply. BC is not an open market, but is limited if growers move from processor to processor. They are looking for some secure supply. They are concerned that they cannot get the volumes that they need, that the supply may shift and that premiums may rise.

If the Board adopted the proposal limiting grower movement, would it guarantee there would be no premiums paid to growers after A-118? Processors noted market realities; it may only alleviate escalations in premiums being paid to growers.

The letter basically means that only 100,000 kg could move, or 300,000 kg per year. They feel that with this number, the processors can survive and get by with this amount of product loss. They can lose some, and it won't make or break their business. On the grower side, this is larger than the average farm size, so growers would be able to move their entire farm. This would cover approximately 65% of the farms. They feel the processor contracts should not be dictated by the size of BC farms. Larger farms would be moved over a period of time, and growers would have to have a legitimate reason to move from one processor to another.

It is not a rolling period, but the 300,000 kg would be a 6 period block. It was suggested the 6 period block commence in A-118 (when the current pricing agreement expires). The numbers are "net" so providing there is an offsetting amount coming to the same processor, more growers would be able to move.

Rosstown and Farm Fed (at 3%) would be able to gain more than they would lose under this proposal, while the other processors would be locked in at the 100,000 kg amount (or 300,000 kg per year).

The Chair commented that consultation would be required prior to any decision being made and a committee (of Board, growers, processors and/or staff) may be required to review the proposed transfers. She asked about a new processor, and how this would impact them? It would make it difficult for new processors to enter the industry unless they purchase a going concern.

The processors indicated that their upper limit is (300,000 kg).

The notice period needs to be extended to give processors time to find a way to replace the supply, the current 2 period notice (the next unallocated period) is not enough time. TRQ is the only alternative for short term replacement. 6 periods would give the processor more time to find an alternative supply.

Board Staff to complete a scan of all provinces – what is in play for these 2 topics and then report back to the Board. Then full Board discussion. If and when the Board is ready to move forward of formal consideration of this proposal, the topic must go to PPAC for advice. The processors have indicated they have had no discussions with the growers at this point. She indicated this is a key element, but must be negotiated with all the others at the PPAC level including premiums. The Board's challenge is how to manage this, and how is the process transparent and how the Board is accountable. She asked if more tools were required to facilitate a complete package.

Processors felt that traction at PPAC would be nil and the Board would have to make the decision from the majority and minority positions. They did feel that it should go through PPAC. Any decision could be appealed by the losing side and all of this would take time. The processors felt a mediator would not be able to solve this issue. Processors are worried about a buying coalition composed of growers leveraging premiums. Processors are looking at a moratorium on grower movement and premiums. They do not want the premium problem that is currently occurring in Alberta, as it is difficult maintaining fairness and transparency.

3. Self Marketing:

The processors are concerned about self marketing and self marketers, who piggy back on true self marketers, as they use them as an agent to secure deals without truly doing the work. The regulations apply up to the farm but no further in their opinion.

The GM explained the history of self marketing and Assurance of Supply. Growers can contract their chicken without restrictions. Contracting with other growers allows the self marketer to grow his market and sell it under their label. BC 101 contracts are signed, the minimum live price is paid, and levies are remitted to the Board. Processors are worried about brokering of live product allowed by the current BCCMB orders which may have a major impact on processors supply. They feel that it is a loophole that needs attention.

The processors commented on a possible scenario with respect to Farm Fed taking advantage of this loophole should they give up their processor AoS. The Board commented it would deal with the situation once it appears, and reminded everyone that the Board maintains the right to direct product and that the concept of orderly marketing remains paramount.

4. Specialty:

Processors previously shared their concerns as it takes away from the mainstream. They are looking for a status update on Bradner Farms.

Organic production for A-115 is 150,000 kg (half of his quota). He is looking at changing 100% of his quota to Organic production over the next number of periods. As the BCCMB does not have market data like the Egg Board, the BCCMB did not allow him to increase in A-116 beyond his A-115 numbers. He is to report back to the Board on his market prior to any increase. Bradner's increased shift to organic production leaves a shortage of quota available for Asian production, which at this time is filled by AoS lease. The Board does not know what the impact is of the organic production to the mainstream market, or if the organic production is sustainable over time and continues to monitor the situation.

Processors are concerned that if the market crashes, what happens? He would have to grow a different type of specialty product.

Any differentiated product is to be encouraged as per the direction of FIRB and Government. A report will be made in the future to PPAC once the data is compiled and the market is known. The Chair is in contact with the Milk and Egg Boards to review their programs.

Meeting ended at 9:45 a.m.

\\bccmbsbs\data\Administration\BCCMB Minutes\Meeting Notes\NOTES FROM MEETINGS with Processors Nov 19 2012.doc

TAB 14

NOTES of JOINT MEETING OF BCCMB/SMAC/PPAC on April 18, 2013 at the Best Western Regency Inn in Abbotsford, BC at 10:30 a.m.

Present at the meeting were:

BCCMB: D. Stancil, J. McComish, K. Froese, DA Janzen, G. Gauthier, C. Rickson and B. Vanderspek.

SMAC: A. Green, B. Reid, A. Leung, R. Donaldson, M. Driediger, C. Ng, J. Falk.

PPAC: E. Silveri, K. Nash, K. Huttema, D. Krahn, R. Bathe, R. Baylis, B. Bilkes

Invited Guests: Dion Wiebe (Rosstown Natural Foods); T. Allen (BCCGA), R. Vane (F. Fed).

B. Vanderspek provided a power point presentation covering all of the agenda topics. The following are the comments from the various committees and persons attending the meeting.

1. BCCMB's position at CFC with respect to Specialty Production:

- Organic is not be included in BC's numbers to CFC only for accounting purposes, as the Board feels organic will not be included nationally in the specialty numbers. The Board awaits input from the PPAC prior to making any decision respecting BC's definition of specialty and organic quota.
- 30% of FVDG specialty production leaves BC and so creation of any program in Ontario worries them.

2. Status of Organic Production:

- No questions from the audience.
- Report on sector from R. Donaldson & B. Reid:
 - Organic sector 15,000-20,000 kg per week for the rest of the year (2 M kg per year), and increase up to 1%. It has tripled in production in the last 5 years.
 - The increase is partly due to servicing markets out of the province.
 - Moving organic into conventional is not the way to go.
 -

3. NEG Program (2 questions and options):

- This is the last "kick at the can", the Board will be making decision on this issue shortly.
- Q2: PPAC recommendation → 5% cap with blending of estate and business tax. The business tax must have the exemptions of family transfers. This is to calculate the pool.
- Q1: PPAC recommendation → make farmer and processor more efficient. Talk about truck loads (5800 birds) to come from the pool. Want to see new entrant have more at stake of the industry. Top up permitted of certain percentage if they purchase ½ truckload at which time they could be permitted additional quota for other ½ of the truckload. Details to be worked out.
- The options are for the smaller processors and not the same for the larger ones.
- When is a new entrant no longer a new entrant? Where do you cull it? When the incentive quota matures after 9 years is the current practice of the Board. It was suggested that it be for

the initial issuance rather than any other subsequent issuances. It was suggested a firm date of 5 years or so be used instead.

- A copy of the PPAC recommendations will be provided to the Board in writing.
- Farm Fed (a small processor) recommended no change to the status quo.
- Safeguards are required to stop the farming of quota under the NEG program (sell out after 9 years).
- Growers want more scrutiny respecting being involved in day-to-day operations of farming for NEG.
- Growers want smaller barns but bigger farms to increase efficiencies for growers but retain smaller pulls from processors to meet the processors needs.
- BCCGA want to see moratorium on NEG in Specialty sector due to Ontario's push for Specialty and development of their program. The BCCMB commented that the shift in production from TC to Organic even if lost 30% of Specialty market still required 100,000 + kg of AoS lease. The bigger question is "is the current organic market sustainable?" It appears the projections are close and showing sustainability at this time. The TC and Silkie market need to be met.
- Pool of NEG going to small processors to meet their requirements (500-1000 birds per night) so keeping status quo will not impact smaller processors.
- Board needs to be cautious on number of NEG introduced into the system. Some Specialty processors worried, some are not.

4. Differential Growth:

An updated was provided by the BCCMB.

- FPCC impose comparative advantage if no solution, as they will not approve CFC national allocations beyond A-121 (Set Sept 2013) if not dealt with. FPCC solution may or may not benefit BC.
- Any negotiated solution will not be at the benefit to BC (8 giving to 2 provinces).
- Board will continue to update the industry on ongoing consultations.
- The Board will consult prior to requesting FIRB approval to sign an agreement.

5. Questions:

None.

It was the consensus of the group that this was useful and a combined meeting of the PPAC and SMAC should happen again.

The meeting adjourned at 11:50 am.

TAB 15

May 29, 2015

NOTES: WESTERN BOARD MEETING WITH PROCESSORS
Raven Room & Salon – Fairmont Vancouver Airport
Richmond, BC
10:00 a.m.

PRESENT:

Western Processors	Ron Kilmury Ron Patterson Scott Cummings Jeff McDowell Ken Huttema Ken Thorpe Craig Evans	PPPABC (Western Processors) Prairie Pride Sunrise Farms Sofina Foods Farm Fed Superior Poultry Granny's Cooperative
BCCMB	Greg Gauthier Kerry Froese Alistair Johnston Christine Rickson Bill Vanderspek	Vice Chair Board Member Board Member Executive Assistant Executive Director
Alberta Chicken Producers	Erna Ference Jason Born David Hyink Karen Kirkwood	Chair Vice Chair Board member Executive Director
Chicken Farmers of Saskatchewan	Tim Keet Dianne Pastoor Rudy Martinka Clinton Monchuk	Board member Chair Board member CEO
Manitoba Chicken Producers	Jake Wiebe Stuart Nikkel Wayne Hiltz	Chair Board member Executive Director

1. Call to order:

The meeting was called to order at 10:00 a.m.

G. Gauthier, Vice Chair of the BCCMB welcomed everyone to the meeting, provided some opening remarks and commenced introductions.

2. Approval of Agenda:

The agenda was approved as presented.

Western Boards & Western Processors Meeting – May 29, 2015
cont'd.

3. Processors Proposal Presentation (by Ron Kilmury):

A power point presentation was made by R. Kilmury on behalf of the Western Processors respecting how to revise the regional range mechanism (Differentiated Regional Allocation or DRA) currently contained in the Operating Agreement of the FPA to make it work, to provide differential growth. Hard copies of the presentation entitled "Differentiated Regional Allocation – matching production to consumer demand, in a regionally diverse Canada" was circulated to the group and questions for clarification purposes were encouraged during the presentation.

Processors agree to the contents of the existing MOU (even with the FP component) with the inclusion of the DRA, which is a processor driven decision, implemented by way of CPEPC. The regions should have in place a decision process internally for DRA distribution, such as regional pro-rata. The numbers with respect to allocation would flow through CPEPC not the provincial Boards. Processors want integrity in the process and felt this method would avoid any province to province competition. Processors will have to provide CPEPC with rationale for the region. The region must agree to submit the number it submits and removes the region to region competition.

The provincial boards questioned the legality as the FPA does not allow for CPEPC to receive direct, or distribute an allocation. CPEPC would provide a number for each region to CFC.

There is a proposed 3% cap.

The provincial boards questioned the lack of discussion surrounding the "black box" numbers of the DRA and impact on all provinces on the final allocation for the quota period in question.

Processors want a 99% allocation number with an ability to vary the final 1%. Processors claim CFC is not allocating its allocation based on regional requirements. The processors will take the risk and pay the board ordered prices for all product in the given allocation period.

The provincial boards questioned the delegation of authority respecting allocation from the Board's to the processors. CFC Directors vote on an allocation (a given number) and cannot be forced to reduce their number at the CFC table.

Processors felt that the new mechanism would change behavior, rather from growers starting high and coming down while processors start low and move up. It was commented that the process would be a mechanism similar to Turkey's nationally.

The provincial boards questioned CFC's role in this process. Processors note that a 2nd vote of CFC would be required after the black box is opened to finalize the new allocation number. It was noted this was more of a bottom up approach.

Western Boards & Western Processors Meeting – May 29, 2015
cont'd.

The provincial boards questioned whether the black box number would or would not be added to the province's base. Processors did not have a response.

CPEPC has circulated a memo on this topic and noted they have the staff to support the change, but CPEPC has not canvassed all of its processor members beyond those in the West.

An explanation was asked respecting CPEPC membership and qualifications to be a member. It was noted that all federally inspected processors may participate in allocation calls and discussions without being members.

The provincial boards asked about potential over supply issues and its impact on the next quota periods' allocation, further driving the base allocation down. Processors are willing to look at triggers, and have not done the analysis at this time. The details are lacking at this time, the processors are looking for buy in to the concept at a high level first.

The provincial Boards asked about the Atlantic region, as this proposal could negatively impact their region by driving their allocation downwards. For this to go forward, it would require a special vote (10 provinces). It needs a safeguard for Atlantic to buy in to the proposal.

The provincial boards asked how would this growth be added or subtracted to the regions. Processors noted it would be distributed based on the provinces' pro-rata share within the region.

Processors reiterated that there was unanimous support at CPEPC for this process at a high level (no fine details were discussed) for inclusion of this component in the MOU. 2 Supervisory Agencies are in support (BC and SK in principal). Processors feel that Quebec will be on side with this inclusion. CPEPC is looking for the West to take the lead on this program.

The consensus of the group was the issue that must be sorted out is if the black box kilograms are added to the base or not. If it is compounded forward, it is a huge threat to Atlantic Canada.

The processors noted that the MOU and subsequently the OA will require modification to represent the procedural changes. The process, by necessity, will be a collective effort of the western chicken boards and western processors.

BCFIRB is on the record supporting DRA and has undertaken to work with other western supervisory agencies to accomplish a common position. SK government position is that DK will not accept less. Quebec growers have taken positions that a differentiated regional range concept is acceptable according to prior conversations with Robin Smith. CPEPC, FPAC and Restaurants Canada organizations will support. Western processors are willing to give Atlantic Canada a little more to get them to sign into the agreement.

Western Boards & Western Processors Meeting – May 29, 2015
cont'd.

Western processors are not willing to accept the MOU and current amendments proposed OA. They will go to appeal and may go as far as appeal federally if necessary. They feel this is the way forward, and we are not that far apart to make this work. FPCC has indicated that if the right paper is put in front of them, they will support it. The processors feel there is a lot of intellectual support to this issue.

The provincial boards summarized their concerns of the proposal:

- Cannot add to provincial base.
- Safeguard is that there would be no negative impact to existing base allocation.
- Positive feedback mechanism should be lower (cap lower than 3%).
- Comparative advantage and other FPCC thresholds must be met in this section of the allocation process.

4. Provincial Break out session:

The provinces met separately to discuss the presentation at 11:20 a.m.

5. Meeting Reconvenes:

The meeting reconvened at 11:45 a.m.

6. Further Questions:

G. Gauthier asked if there were further questions respecting the proposal.

7. Provincial Positions/Support:

G. Gauthier polled each provinces on its position, to determine if there is general support of the proposal or where there is and is not support respecting aspects of the report.

Processors put up an example using the A-132 process, prior to these discussions. Processors indicated that the example could be amended to reflect that Atlantic Canada would never be below zero.

Processors noted that 1% in Central is much larger than 1% in the West or Atlantic.

There was discussion about having 2 regions East versus West as the Atlantic Provinces' processors have close business ties to Central Canada. Processors noted that this is the method currently used in the turkey industry.

Processors want to know if the western provinces are willing to buy into the concept, the details can be adjusted. The processors suggested the formation of a subcommittee to deal with the model and deal with each of the points. The points brought up by the growers is the same as those brought up by the processors.

**Western Boards & Western Processors Meeting – May 29, 2015
cont'd.**

BC:

BCCMB commented that growers' need an assurance from the processors would guarantee to pay board ordered minimum live price for all product.

BC supports the concept and is prepared to move forward and flush out the concept.

Alberta

ACP commented that the proposal has merit but has some challenges: no impact to MOU or formula. All provinces and CFC retain authorities. DRA not added to base. Safeguards to access DRA required. Address assumption that all provinces will ask for DRA needs to be worked through by a committee. Support committee to work on this, including chicken boards and processors, but AB does not want to participate. CPEPC needs to find consistency between regions for the 2 processors (i.e. base plus zero but 3% for DRA). Implementation of procedures should be the last step. Would be nice if fit in existing framework without opening up MOU or OA etc.

Alberta feels the idea has its merit, noting that processors have to take the lead on it, but can provide input. AB felt that having Managers on the subcommittee is sufficient. If CEPEPC is all on side it would have more weight.

Saskatchewan:

CFS commented that limiting the upside (cap) is a requirement. Feel 3% is too high for a maximum. Good proposal, willing to look at going forward. Want to investigate Turkey program prior to making a commitment. Need parameters for western provinces to trigger the DRA. Require safeguards. Feel it must still come back to CFC for a vote for checks and balances.

SK supports the concept, but notes that BC must drive this as it has support of the government.

Manitoba:

MCP commented that it must be kept out of base. The legal authority is an issue that must be resolved. Worried about driving base allocation to base plus zero will become the motivation. Triple majority required today to revisit an allocation after CFC approval. Processors cite how turkey works – not go back to a vote at national table – is automatic. Processors comment that MOU/OA/FPA need to be amended.

MB supports the concept in principal but needs to have further discussions and consultation with its Government.

8. Processors Comments/Questions:

Processors commented that most of the questions posed have already been discussed by them, and have noted the board's response. They believe the can deliver CPEPC, Restaurants and further processors to agree to the concept.

Western Boards & Western Processors Meeting – May 29, 2015
cont'd.

9. Next Steps:

The next step were determined to be:

- Have the processors lead, with the boards providing technical support by way of their provincial Executive Directors. The processors will let the group know at a later date who will participate from their side.

Alberta asked for clarification – looking for an assurance that the MOU would proceed even if this idea does not get traction. Processors clarified, that if this idea does not succeed, they cannot support the MOU going forward in its current form. The SK Board noted that the SK's government will not approve the MOU as it exists, so CFS have no option but to proceed. BC Processors noted it will not support the existing MOU and the appeal at BCFIRB will then have to proceed if this concept fails.

G. Gauthier thanked the processors, board members and staff for their participation and wished everyone a safe journey home.

The meeting adjourned at 1:00 p.m.

B:\Administration\BCCMB Minutes\Meeting Notes\Western Meeting with Western Processors May 29 2015 - Fairmont VYR.docx

Christine Rickson

From: Bill Vanderspek
Sent: Monday, June 1, 2015 8:58 AM
To: derek.janzen (bordercreek@telus.net); Greg Gauthier; Kerry Froese (kfroese302@shaw.ca); Robin Smith; synertik@gmail.com
Cc: Christine Rickson
Subject: FW: working committee, Differentiated Regional Ranges
Attachments: FINAL Differentiated Regional Ranges.pptx

From: Ron Kilmury [mailto:rkilmury@shaw.ca]
Sent: Friday, May 29, 2015 2:47 PM
To: 'Karen Kirkwood'; Bill Vanderspek; Clinton@saskatchewanchicken.ca; 'Wayne Hiltz'
Cc: 'Scott Cummings'; 'Jeff McDowell'; 'Ron Patterson'; 'Craig Evans'
Subject: working committee, Differentiated Regional Ranges

As agreed at today's meeting the above named people will form the committee who will meet to further work out how a differentiated regional range model would be established and implemented nationally.
I leave it to the above parties to communicate and develop a working schedule, etc.
Attached please find the presentation I made at today's meeting.
Thanks to all for what I think was a productive meeting.

Differentiated Regional Allocation

matching production to
consumer demand,
in a regionally diverse Canada



Background

- The current Operating Agreement has a number of regional range clauses for implementation of provincial and regional range and market response. These allocation options have fallen into dis-use over the last decade
- CFC is proposing a new allocation method which is unsatisfactory to western Canadian primary poultry processors, who have increasingly experienced unsatisfactory shortfalls to their allocation requests
- These shortfalls are further aggravated by CFC's proposed transfer of western quota allocation to Central Canada, who demonstrably is adequately supplied



Western Processors position


Western processors have consistently stated:

- they support a re-alignment of western quota allocation in favour of Alberta
- They do not support any re-allocation of western quota growth to other regions of Canada
- That subject to an acceptable modification to the proposed CFC MOU allowing for differentiated regional allocations, western processors will support the other proposed elements of the CFC MOU, including Comparative Advantage calculations and allocation re-distributions in favour of AB and OT

Elements for an Workable Differentiated Regional Allocation (DRA)

The Farm Products Agencies Act states, in the first article of Objects and Powers :

21. The objects of the agency are
 - a) To promote a strong, efficient and competitive production and marketing industry for the regulated product or products in relation to which it may exercise its powers; and
 - b) To have due regard to the interests of producers and consumers of the regulated product or products.




Elements for an Workable Differentiated Regional Allocation (DRA)

It is the strongly held view of Western Poultry Processors that the following recommendations are consistent with and meet the expectations set out in the Farm Products Agencies Act.

The recommendations to follow;


- Promotes a stronger, more competitive and more efficient industry
- Serves interests of consumers



Elements for an Workable Differentiated Regional Allocation (DRA)

A DRA range of 0 to a maximum of 3%

- Any region (Western, Central or Maritime) may opt to implement a DRA



Elements for an Workable Differentiated Regional Allocation (DRA)

De-link DRA form AGR

- As will be clear in following points, linkage to the AGR as in the current Operating Agreement will not be necessary



Elements for an Workable Differentiated Regional Allocation (DRA)

Eliminate DRA options for individual provinces

- The decision to implement the DRA option is a regional processor driven decision, implemented by way of CPEPC
- Regions should have in place a decision process internally for DRA distribution, such as regional prorata



PROCESS

Differentiated Regional Allocation (DRA)

Work process by region's to apply DRA

- Each region's processors would submit in kilos its requirements for the upcoming allocation period to CPEPC
- Processors will not supply to individual provincial chicken boards requirement figures



PROCESS

Differentiated Regional Allocation (DRA)

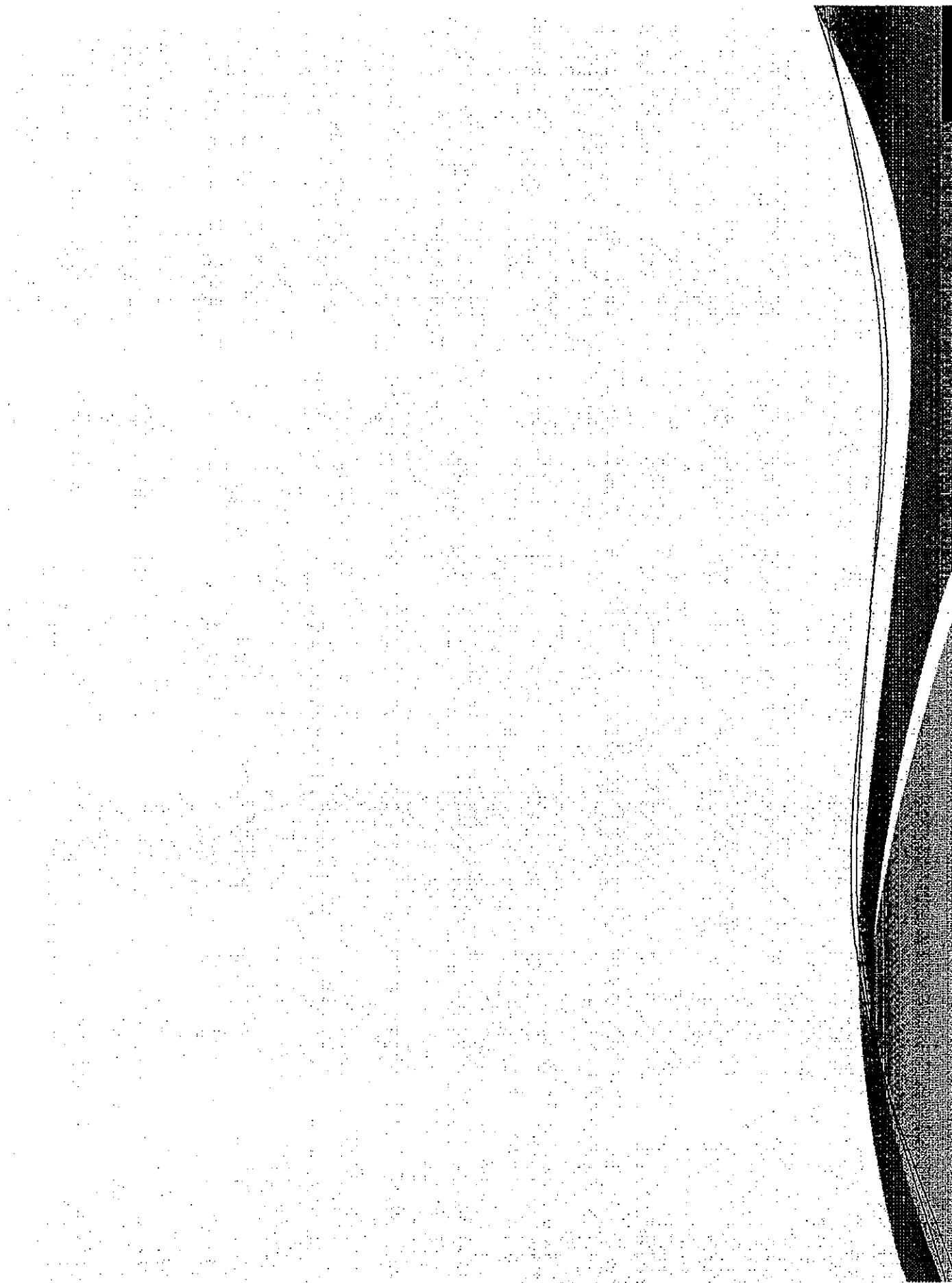
- CFC directors, at allocation meeting, will determine the base allocation for the period
- CPEPC, following base allocation approval, will advise CFC after comparing processor regional figures provided to CPEPC in advance, of any regional adjustments to base allocation decision, to a maximum of 3% i.e. If the base allocation decision is short or over the regions requested kilo volume, CPEPC will advise CFC of the necessary kilo adjustment to match regional processor requests
- CFC will approve and submit to FPCC these DRA adjusted allocation figures



PROCESS

Differentiated Regional Allocation (DRA)

- The MOU and subsequently the Operating Agreement will require modification to represent these procedural changes







Achieving National Approval

This process, by necessity, will be a collective effort of western chicken boards and western processors.


Achieving National Consensus re DRA

	BC	AB	SK	MB	QC	OT	Maritimes
Chicken Boards							
Supervisory Agencies							
CPEPC							
FPAC							
Restaurant							

Achieving National Approval

Current status

- BC FIRB is on record supporting a differentiated regional allocation and has undertaken to work with other western supervisory agencies to accomplish a common position
- SK government position is that SK will 'not accept less'
- Quebec growers have taken position that a differentiated regional range concept is acceptable
- CPEPC, FPAC and Restaurant organizations will support




Achieving National Approval

Obstacles to Overcome

- CFO – Chicken Farmers of Ontario must be approached and convinced that
 - The majority of organizations (western boards and agencies, down stream members and Quebec growers) support a DRA approach
 - The best, if not only way forward, for OT and AB to achieve a new MOU, with allocation re-distribution in their favour and Comparative Advantage is to agree and support the further modification of the MOU to include DRA

Suggest : western chicken boards take lead in discussions with CFO, supported as necessary by western processors



Achieving National Approval Obstacles to Overcome

- Maritimes : it can be anticipated that the Maritimes may resist any further changes to MOU.

Suggest : a 'team' of western growers and processors request meeting with representatives of Maritime growers to discuss, discern issues etc.

It is possible that some form of standstill, not harm/loss agreement may be possible to address Maritime concerns

