Table of Contents:

Table of Contents ....................................................................................................................... Page 2
Introduction .............................................................................................................................. Page 3
Quota Management ................................................................................................................. Page 6
2018 Performance Targets ..................................................................................................... Page 8
Governance Measures ............................................................................................................ Page 19
Introduction:
This is the first Public Accountability Report (the “PAR”) of the British Columbia Chicken Marketing Board (the BCCMB). It is intended to provide a “state of the chicken sector” baseline. Performance reporting against strategic goals as set out in the BCCMB’s 2017-2019 Strategic Plan will be subject to modification in future reports as the BCCMB reviews and develops a new Strategic Plan in 2019 to cover the 2020 - 2023 planning horizon.

The PAR is structured in three main sections, Quota Management, Performance Targets, and Governance and will provide information and data to demonstrate the BCCMB’s actions and impacts on delivering on its mandate in accordance with BCFIRB guidelines for PAR.

Annual Compliance Statement:
The BCCMB’s General Orders, policies, procedures and decisions are in accordance with legislation, regulations, the Federal Provincial Agreement for Chicken (the FPA) and all British Columbia Farm Industry Review Board (the BCFIRB) decisions and directions. These documents are available on the BCCMB’s website at www.bcchicken.ca.

The BCCMB’s annual financial statements are presented at the British Columbia Chicken Growers Association (BCCGA) Annual General Meeting and are published as part of its Annual Report which is available on the BCCMB’s website.

Background:
The BCCMB was established in 1961 under the Natural Products Marketing (BC) Act (the “NPMA”) via B.C. Regulation 188/61, the Natural Products Marketing (BC) Act Regulation (the “Regulation”) and the British Columbia Chicken Marketing Scheme, 1961 (the Scheme). The BCCMB draws its powers to administer the Scheme from the Regulation and the NPMA. The BCCMB is empowered “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.”
**Key Responsibilities:**

The BCCMB maintains a Register of Growers in accordance with the Scheme and General Orders. The BCCMB also issues the following licenses: to operate as a hatchery; to market chicken as a grower; to process chicken; to transport chicken; to operate as a chick broker and to operate as a chicken catching contractor or crew, under its authorities to manage the allocation of supply of chicken in British Columbia.

The BCCMB may also issue permits for the purpose of providing opportunity for small and niche marketers in diverse regions of the province without the barrier of acquiring quota. These permits are discretionary, may be issued to a maximum of 2000 birds per calendar year and cannot be combined with quota. Persons growing less than 200 birds per calendar year are exempt from permit and quota requirements.

The BCCMB is responsible for managing British Columbia’s allocation under the FPA, specifically under Schedule B - Operating Agreement. The specifics of this responsibility are discussed in more depth in the Quota Management and Movement section of this report.

**Board Structure and Governance:**

The BCCMB consists of five members; a Chair, and two members appointed by the Province by Order-In-Council and two members who are registered growers. The two grower members are elected by registered growers for staggered 3 year terms. The Council of Marketing Boards (COMB) acts as the independent Election Officer in the BCCMB election process. A grower election was completed in 2018 with a further grower election to be held in February 2019. The elections were and will be conducted in accordance with the election rules approved by BCFIRB (refer to the governance section for further details). The next review of the BCCMB election rules is schedule to occur in 2020.

The BCCMB is supported by an Executive Director and an Executive Assistant who are in turn supported by a complement of BCCMB staff members.

The BCCMB has standing committees to ensure that its fiduciary and financial accountability responsibilities are upheld and to ensure professional administration of board functions. A board policy manual is maintained to outline the BCCMB’s authorities; it is a living document that is updated when and as required.

BCCMB staff is responsible for inspection and audit of all quota, license and permit holders to ensure terms and conditions are being met in accordance with the General Orders and provincial programs such as the Mandatory BC Bio-Security Program and national program standards such as On Farm Food Safety Program (the OFFSP) and Animal Care program (the ACP).

The BCCMB is required through the Scheme to establish a Pricing and Production Advisory Committee. The BCCMB has also established a Specialty Market Advisory Committee to support its efforts to grow and diversify the chicken industry in BC. The BCCMB establishes and utilizes other committees as necessary to engage stakeholders and secure input into its decision making. The committees are the primary vehicle through which the Board secures broader industry advice and input on key decisions.
**Stakeholders:**
The BCCMB holds the view that the entire BC chicken industry value chain; from hatching egg producers to hatcheries, to growers, to primary processors, to further processors, to retail and foodservice suppliers, to end consumers, along with feed suppliers, other service suppliers and financial institutions as stakeholders with interest in the decisions and actions of the BCCMB. The Chicken Farmers of Canada (the “CFC”) along with other provincial chicken boards are also important stakeholders.

The BCCMB uses a broad range of engagement tools, including in-person meetings, web-based material, electronic communication, etc. to notify stakeholders of board activities and decisions and to seek input and advice prior to making decisions. The BCCMB attends BCCGA Lower Mainland meetings and travels at a minimum of once per year to Vancouver Island and the Interior which provides opportunities for individual growers to meet with the BCCMB in their regions and their own turf. The BCCMB members and/or staff attends Lower Mainland and other regional BCCGA meetings to provide in person updates on BCCMB activities and decisions and to gain feedback and input from stakeholders. The BCCMB also conducts quarterly meetings with both the BCCGA and the Primary Poultry Processors Association of BC (the PPPABC).

The BCCMB elect one of the BCCMB members as a director and another as alternate to represent British Columbia’s interests at CFC. The BCCMB has an internal election policy which is contained in the BCCMB Policy Manual. BCCMB designates attend CFC Board meetings which include amongst other items, production allocation. BCCMB members and staff also attend CFC meetings, Canadian Broiler Council (CBC) meetings, other provincial chicken board meetings and AGM’s, meetings of the four western chicken boards, and the National Farmer Alliance which has representatives from all ten provincial chicken boards.

The BCCMB staff is in regular contact with BCFIRB staff. The BCCMB meets with BCFIRB and Ministry of Agriculture as necessary on key issues facing the chicken industry in BC. The BCCMB also meets regularly with the British Columbia Broiler Hatching Egg Commission (the BCBHEC) as it relates to the Pricing Linkage Agreement and other matters of mutual interest and concern.

**Decision Making:**
The BCCMB uses a decision making process that is based on the SAFETI principles of being Strategic, Accountable, Fair, Effective, Transparent and Inclusive. SAFETI based decisions of the BCCMB are referred to as “Schedule 15” decisions and are posted on the public side of our website under the industry BCCMB Reports and Orders section (click here.)
Quota Management:
The BCCMB’s approach to managing and allocating quota is set out in the BCCMB’s General Orders. Quota allocated by the BCCMB falls into the following categories:

- Mainstream (which includes certified organic)
- Specialty (Taiwanese and Silkie chicken)
- Market Development (export)

In addition, the BCCMB allocates quota for its New Entrant Program for Growers (the NEPG) which is covered in more detail under the Strategic Initiatives section of the PAR.

Industry Statistics
In addition to the British Columbia Chicken Marketing Board Annual Report, the BCCMB has and continues to publish regular reports on quota management consistent with the PAR measures in the BCCMB Monthly Board Reports and quarterly BC Chicken Facts and can be found in the Industry - BCCMB Reports and Orders page on our website (click here.)

British Columbia is the third largest chicken producer in Canada with 13.98% of the national allocation for mainstream chicken. Ontario is the largest with 34.02% of the national allocation, followed by Quebec at 26.6%.

Three provinces in Canada grow specialty chicken under the CFC Specialty Chicken Program which is produced under a separate allocation regime at CFC. BC is the largest producer of specialty chicken in Canada at 61% of the total followed by Ontario at 34.5% and Alberta at 4.5%.

1. Distribution of Quota by type and region in kilograms live weight (Based on the standard 56 day production period which occurs 6.5 times in a calendar year)

<table>
<thead>
<tr>
<th>Quota Holders as of December 2018</th>
<th>Lower Mainland</th>
<th>Vancouver Island</th>
<th>Interior</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Growers</td>
<td>Kilograms</td>
<td>Growers</td>
<td>Kilograms</td>
</tr>
<tr>
<td>Mainstream</td>
<td>222</td>
<td>26,760,374</td>
<td>12</td>
<td>547,637</td>
</tr>
<tr>
<td>Specialty</td>
<td>36</td>
<td>600,326</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>258</td>
<td>27,360,700</td>
<td>12</td>
<td>547,637</td>
</tr>
<tr>
<td>Percentages</td>
<td>81%</td>
<td>86%</td>
<td>4%</td>
<td>2%</td>
</tr>
</tbody>
</table>

- The BCCMB has 315 registered producers as 5 producers hold both Mainstream and Specialty Quota.
- There are 4 growers holding more than 400,000 kilograms of quota
- 98% of the BC quota is mainstream quota; the remaining 2% is specialty quota
- 89% of BC chicken growers hold mainstream quota; the remaining 11% hold specialty quota
2. **Distribution of Quota by region and size (Average, largest and smallest) in kilograms live, as of December 2018.** (Based on the standard 56 day production period which occurs 6.5 times in a calendar year)

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Farm</th>
<th>Largest Farm</th>
<th>Smallest Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Mainland</td>
<td>106,273</td>
<td>669,960</td>
<td>9,645</td>
</tr>
<tr>
<td>Vancouver Island</td>
<td>16,676</td>
<td>97,332</td>
<td>23</td>
</tr>
<tr>
<td>Interior</td>
<td>46,440</td>
<td>105,908</td>
<td>19,924</td>
</tr>
</tbody>
</table>

3. **Distribution of chicken processors by region and inspection designation (Federal or Provincial):**

<table>
<thead>
<tr>
<th>Region</th>
<th>Federal</th>
<th>Provincial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Mainland</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Interior</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Vancouver Island</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>16</td>
</tr>
</tbody>
</table>

*9 of the Provincially Licensed plants only process small lot and permit production.*

4. **Distribution of chicken hatcheries by region:**

<table>
<thead>
<tr>
<th>Region</th>
<th>Lower Mainland</th>
<th>Interior</th>
<th>Vancouver Island</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Mainland</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>11</td>
</tr>
</tbody>
</table>

5. **Distribution of 2000 bird maximum per year permit holders as of December 2018 by region:**

<table>
<thead>
<tr>
<th>Region</th>
<th>Permit Holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Mainland</td>
<td>21</td>
</tr>
<tr>
<td>Vancouver Island</td>
<td>37</td>
</tr>
<tr>
<td>Interior</td>
<td>74</td>
</tr>
<tr>
<td>Total</td>
<td>132</td>
</tr>
</tbody>
</table>

The BCCMB does not collect information of distribution of chicken grown under permit, but does require the submission by permit holders of chick placement and slaughter data. It is expected that much of the chicken grown under permit is self-marketed by permit holders.
2018 Performance Targets

The BCCMB is pleased to report on the following performance targets for 2018.

1. Achieve 100% utilization of BC’s share of the national allocation on a continual basis.

This was identified as a performance target due to a record of underachievement in 2016 and 2017. The CFC Quota utilization report for 2016-2017 below illustrates that for these two years, the BCCMB was able to achieve 100% of our quota utilization in only three of the twelve production periods.
On May 1, 2017 the BCCMB sent the following communique to the industry:

**Attention: Growers, processors and hatcheries:**

The BCCMB continues to be concerned with BC’s recent record of quota utilization. In period A-142 we produced 95.9% of our allocation and left almost 1.5 million kilograms live weight on the table. This represents $2.4 million in lost farm gate revenue and several times that amount in lost sales to processors. In addition, quota utilization is a 7.5% factor in the CFC allocation formula and our continued underproduction is having a negative impact on our base allocations into the future. BC has been under produced in seven of the last nine periods. There are many reasons for underproduction, but in an effort to encourage growers to meet their allotments the Board has authorized the following steps that will be in effect beginning the first week of period A-143 and until further notice:

- **Growers that produce up to 102% of their periodic allotment will not have their allotment reduced four periods later. Over marketing adjustments will be made on all production beyond 102%.

- **Monetary over marketing levies between 106% and 109.9% will be suspended. Marketing’s above 109.9% will attract levies at the rate of $0.66 per kilogram.**

- These temporary measures will be reviewed on a period by period basis but will not in any case be changed prior to eggs sets for the first week of a new period.

In addition, the BCCMB with its industry partners is in the process of initiating a value chain committee with the stated goal of assessing the root causes of our current under production. You will be kept apprised of our progress in this regard.

In addition the BCCMB approved the following temporary measures:

- Growers could arrange to lease unused production space that was currently not registered with the Board in an effort to maximize production space. These facilities would be required to be approved by BCCMB staff and meet all production standards. Leases not to exceed a term of two years.

- Growers would be permitted to lease in up to the equivalent of 100% of their periodic allocation. This was an increase from the 50% permitted under the General Orders and was again designed to maximize available production space.

These measures began to bear fruit in period A-146, the last quarter of 2017. Since that time the BCCMB has met or exceeded 100% of our national allocation in nine consecutive periods (A-146 through A-154 inclusive). Please refer to the CFC quota utilization report for 2017 and 2018 below which illustrates a comparison between all Canadian provinces and Canada in aggregate for these periods.
The goal of meeting or exceeding 100% of our allocation has been achieved but has come at considerable cost. Consistent production beyond 100% of allocation has resulted in over marketing levies due to CFC in excess of $500,000. The BCCMB has committed to a review of the temporary measures instituted in 2017, but is taking a cautious approach due to the ban on category II antibiotics for preventative use that came into effect on January 1, 2019. Until such time as the full effect of this ban is determined, the temporary measures will remain in place.

The following charts contain the following information for 2018 mainstream chicken production:

- **Period number**
- **Number of growers with an allotment during the period.** This varies from period to period due to differing cycle lengths of individual growers.
- **Number of growers, percentage of the total and number of kilograms under produced.**
- **Number of growers, percentage of the total and number of kilograms over produced.**
- **Final utilization as a percentage of our share of the national allocation.**
<table>
<thead>
<tr>
<th>Mainstream Grower's Only</th>
<th># Growers</th>
<th>% of Total Growers</th>
<th>Kgs Over/(Under)</th>
<th>% Of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainstream Growers Receiving Allotment</td>
<td>277</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growers over 110% of allotment</td>
<td>46</td>
<td>16.61%</td>
<td>596,555</td>
<td>12.03%</td>
</tr>
<tr>
<td>Growers over 106% of allotment</td>
<td>101</td>
<td>36.46%</td>
<td>1,225,511</td>
<td>34.63%</td>
</tr>
<tr>
<td>Growers between 100% and 105.9% of allotment</td>
<td>77</td>
<td>27.80%</td>
<td>338,441</td>
<td>30.64%</td>
</tr>
<tr>
<td>Growers between 94% and 99.9% of allotment</td>
<td>59</td>
<td>21.30%</td>
<td>-238,977</td>
<td>23.14%</td>
</tr>
<tr>
<td>Growers below 93.9% of allotment</td>
<td>40</td>
<td>14.44%</td>
<td>-564,220</td>
<td>11.59%</td>
</tr>
<tr>
<td>Column Totals</td>
<td>277</td>
<td>100.00%</td>
<td>760,755</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**BC Utilization**
103.12%

<table>
<thead>
<tr>
<th>Mainstream Grower's Only</th>
<th># Growers</th>
<th>% of Total Growers</th>
<th>Kgs Over/(Under)</th>
<th>% Of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainstream Growers Receiving Allotment</td>
<td>277</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growers over 110% of allotment</td>
<td>36</td>
<td>13.00%</td>
<td>473,130</td>
<td>9.42%</td>
</tr>
<tr>
<td>Growers over 106% of allotment</td>
<td>89</td>
<td>32.13%</td>
<td>1,092,637</td>
<td>30.70%</td>
</tr>
<tr>
<td>Growers between 100% and 105.9% of allotment</td>
<td>105</td>
<td>37.91%</td>
<td>434,101</td>
<td>39.31%</td>
</tr>
<tr>
<td>Growers between 94% and 99.9% of allotment</td>
<td>52</td>
<td>18.77%</td>
<td>-193,037</td>
<td>18.04%</td>
</tr>
<tr>
<td>Growers below 93.9% of allotment</td>
<td>31</td>
<td>11.19%</td>
<td>-419,835</td>
<td>11.95%</td>
</tr>
<tr>
<td>Column Totals</td>
<td>277</td>
<td>100.00%</td>
<td>913,866</td>
<td>100.00%</td>
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</table>

**BC Utilization**
102.73%

<table>
<thead>
<tr>
<th>Mainstream Grower's Only</th>
<th># Growers</th>
<th>% of Total Growers</th>
<th>Kgs Over/(Under)</th>
<th>% Of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainstream Growers Receiving Allotment</td>
<td>284</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growers over 110% of allotment</td>
<td>67</td>
<td>23.59%</td>
<td>8,820,180</td>
<td>20.77%</td>
</tr>
<tr>
<td>Growers over 106% of allotment</td>
<td>120</td>
<td>42.25%</td>
<td>16,315,588</td>
<td>39.53%</td>
</tr>
<tr>
<td>Growers between 100% and 105.9% of allotment</td>
<td>100</td>
<td>35.21%</td>
<td>14,215,673</td>
<td>37.20%</td>
</tr>
<tr>
<td>Growers between 94% and 99.9% of allotment</td>
<td>50</td>
<td>17.61%</td>
<td>6,543,036</td>
<td>18.11%</td>
</tr>
<tr>
<td>Growers below 93.9% of allotment</td>
<td>14</td>
<td>4.93%</td>
<td>1,520,798</td>
<td>4.89%</td>
</tr>
<tr>
<td>Column Totals</td>
<td>284</td>
<td>100.00%</td>
<td>38,595,095</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**BC Utilization**
102.89%
### A-151

<table>
<thead>
<tr>
<th>Mainstream Grower's Only</th>
<th># Growers</th>
<th>% of Total Growers</th>
<th>Kgs Over/(Under)</th>
<th>% Of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainstream Growers Receiving Allotment</td>
<td>279</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growers over 110% of allotment</td>
<td>29</td>
<td>10.39%</td>
<td>440,836</td>
<td>8.58%</td>
</tr>
<tr>
<td>Growers over 106% of allotment</td>
<td>73</td>
<td>26.16%</td>
<td>816,214</td>
<td>21.40%</td>
</tr>
<tr>
<td>Growers between 100% and 105.9% of allotment</td>
<td>101</td>
<td>36.20%</td>
<td>478,508</td>
<td>40.77%</td>
</tr>
<tr>
<td>Growers between 94% and 99.9% of allotment</td>
<td>72</td>
<td>25.81%</td>
<td>-257,765</td>
<td>27.98%</td>
</tr>
<tr>
<td>Growers below 93.9% of allotment</td>
<td>34</td>
<td>12.19%</td>
<td>-587,032</td>
<td>9.86%</td>
</tr>
<tr>
<td>Column Totals</td>
<td>280</td>
<td>100.36%</td>
<td>449,925</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**BC Utilization**

101.46%

### A-152

<table>
<thead>
<tr>
<th>Mainstream Grower's Only</th>
<th># Growers</th>
<th>% of Total Growers</th>
<th>Kgs Over/(Under)</th>
<th>% Of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainstream Growers Receiving Allotment</td>
<td>284</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growers over 110% of allotment</td>
<td>53</td>
<td>18.66%</td>
<td>804,184</td>
<td>16.05%</td>
</tr>
<tr>
<td>Growers over 106% of allotment</td>
<td>119</td>
<td>41.90%</td>
<td>1,408,903</td>
<td>36.51%</td>
</tr>
<tr>
<td>Growers between 100% and 105.9% of allotment</td>
<td>98</td>
<td>34.51%</td>
<td>546,220</td>
<td>44.37%</td>
</tr>
<tr>
<td>Growers between 94% and 99.9% of allotment</td>
<td>39</td>
<td>13.73%</td>
<td>-96,386</td>
<td>10.72%</td>
</tr>
<tr>
<td>Growers below 93.9% of allotment</td>
<td>28</td>
<td>9.86%</td>
<td>-359,106</td>
<td>8.40%</td>
</tr>
<tr>
<td>Column Totals</td>
<td>284</td>
<td>100.00%</td>
<td>1,499,631</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**BC Utilization**

103.49%

### A-153

<table>
<thead>
<tr>
<th>Mainstream Grower's Only</th>
<th># Growers</th>
<th>% of Total Growers</th>
<th>Kgs Over/(Under)</th>
<th>% Of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainstream Growers Receiving Allotment</td>
<td>280</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growers over 110% of allotment</td>
<td>21</td>
<td>7.50%</td>
<td>287,683</td>
<td>5.65%</td>
</tr>
<tr>
<td>Growers over 106% of allotment</td>
<td>65</td>
<td>23.21%</td>
<td>748,131</td>
<td>20.57%</td>
</tr>
<tr>
<td>Growers between 100% and 105.9% of allotment</td>
<td>109</td>
<td>38.93%</td>
<td>401,170</td>
<td>38.62%</td>
</tr>
<tr>
<td>Growers between 94% and 99.9% of allotment</td>
<td>72</td>
<td>25.71%</td>
<td>-354,321</td>
<td>32.81%</td>
</tr>
<tr>
<td>Growers below 93.9% of allotment</td>
<td>34</td>
<td>12.14%</td>
<td>-382,264</td>
<td>8.00%</td>
</tr>
<tr>
<td>Column Totals</td>
<td>280</td>
<td>100.00%</td>
<td>412,717</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**BC Utilization**

101.46%
Mainstream Broiler Chicken Production (includes MD):
- 2017  219,886,089 kilograms live weight
- 2018  239,546,932 kilograms live weight

2018 production represents an increase of 8.94% over 2017

In addition to their allocation, growers can lease Market Development (MD) production from their processor. Market Development quota is a form of quota allocation under a market development policy developed by Chicken Farmers of Canada. The policy allows federally inspected processors within a province to request additional chicken from CFC to meet the domestic white meat demand. The dark meat surplus that results from both domestic and Market Development production may be exported or used to off-set imported chicken used in non-Import Control List (ICL) production. The CFC Export Policy is an umbrella policy that established the parameters under which provincial export policies must operate.

The basic principles of the Market Development Policy are:
- Market Development Quota (MDQ) allocation is limited to 16% of a province’s domestic allocation.
- Federally-inspected processors agree, as part of the Market Development licence, that an amount equivalent to their Market Development allocation will be exported or used in Non-ICL (import control list) products.

Processors lease Market Development production to growers at a price set by the processors. Processors have 3 cycles (before, present, after) to export the equivalent weight out of the country. Failure results in a fine payable by the processor to CFC. Currently, the fine is $1.00/kg live weight, which may be increased to $1.60 if the marketing takes place in 2 or more periods following the targeted quota allocation period.

Growers who have leased Market Development production can grow more chicken than their 8 week allocation (provided they have the barn space). Growers pay a per kilogram lease fee to processors for Market Development allocation. The fee is determined by the processor. This extra chicken provides more white meat (in demand product for Canada) for processors. Under Market Development, processors export the extra dark meat.

Only federally inspected processors or “eligible” processors can apply to the BCCMB to have chicken grown for Market Development purposes. Processors must take any MDQ subsequently allocated to them.

- In 2018 BC produced 11,899,405 kg live weight of Market Development with a breakdown as follows:
  o  11,662,488 kg live weight Mainstream
  o  236,917 kg live weight Specialty (Silkies)
- This is approximately 4.69 percent of BC’s total production in 2018.
CFC administers Market Development production, including issuing penalties for over and under production. As such, the BCCMB has no record of the location and types of products exported from BC, as BC Processors report their exports directly to CFC.

There is a levy on MD production that is shared equally between the grower and processor. Growers and Processors must meet CFC requirements on an ongoing basis.

More information on Market Development can be found in the BC Farm Industry Review Board -- Staff and Reference notes for the BCCMB at figure 4, and in the BCCMB General Orders at Part 28 Market Development.

2. Continued growth in the specialty and organic chicken sectors.

Following a period of intense lobbying by the BCCMB, the CFC approved a Specialty Chicken Program in 2013. At that time, BC was the only province in Canada that was growing specialty breeds such as Taiwanese and Silkie chickens for the Asian market. The demand for these products was outstripping the increases to the CFC allocation. The BCCMB was successful in making the case that specialty was growing at a rate that was impacting the mainstream allocation and that these products did not displace mainstream chicken in the marketplace. The 2005 Specialty Review required that the growth in specialty markets be fostered and encouraged. This policy change at CFC was a major win for BC that has allowed for unrestricted growth in the specialty chicken sector without impacting BC’s mainstream chicken allocation.

Production statistics:

- Specialty (Taiwanese and Silkie chicken)
  - 2017  5,922,022 kilograms live weight
  - 2018  6,905,817 kilograms live weight

  2018 production represents an increase of 16.6% over 2017

- Certified Organic Chicken Production:
  - 2017  6,941,595 kilograms live weight
  - 2018  6,794,686 kilograms live weight

  2018 production represents a decrease of 2.11% over 2017


The BCCMB made the following orders and decisions that became effective as of July 1, 2018.

1. Part 35, Quota Transfer Assessment of the August 26, 2011 General Orders was amended to reflect the following changes as a result of the February 2, 2018 BCFIRB Quota Assessment Tools Review Supervisory Decision (QTAR):
• Last In, First Out (LIFO) will be eliminated for all growers with the exception of all existing and future new entrants that have or will take advantage of offers for matching quota (buy one/get one or BOGO) from the Board. All other growers will have the option to transfer any of their quota holdings regardless of when the quota was acquired.

• The declining quota transfer assessment for all quotas issued by the BCCMB at no cost (incentive or growth quota) to growers will be amended from 10/10/10 to 10/10/0. This means that all incentive or growth quota issued to a grower by the board at no cost will be 100% vested to a grower after ten years from the date of issuance.
  o This will apply to all existing and future issuances of incentive or growth quota.
  o A grower wishing to transfer a portion of their quota will have the option of transferring quota acquired prior to the issuance of incentive or growth quota and retaining the quota subject to 10/10/0. As stated above, the exception to this will be existing and future new entrant growers that are issued matching quota in a buy one, get one offer. The quota matched by the board will be considered as the “last in” and would be the first quota to be transferred unless additional quota has been acquired by the grower subsequent to the issuance of the matched quota.
  o A grower wishing to transfer their entire quota or in the case of a full farm and quota transfer 10/10/0 will apply to the quota that is growth or incentive quota.

Amendments to Part 35 of the August 26, 2011 BCCMB General Orders will be circulated to the industry be separate email in the near future.

2. All holders of BCCMB mainstream quota will be eligible to be granted a 20% pro rata increase to their base quotas effective with shipments in period A-164 (marketing from July 5 to August 29, 2020).
• Period A-155 will be the final period that quota transactions can take place without impacting a growers eligibility to receive an increase to their quota no earlier than period A-164.

• Fully completed and signed documents for period A-155 quota transfers must be received at the Board office no later than 12:00 PM November 9, 2018.

• Growers transferring quota to another grower after November 9, 2018 will be ineligible for any portion of the A-164 pro rata quota increase. This will affect the transferor, not the transferee. In accordance with the BCFIRB QTAR decision there will be no exceptions; any quota transfer will render a grower who is the transferor ineligible for growth quota.

• Consistent with the QTAR decision, any grower has the right to decline any or all of the A-164 quota increase offer by advising the Board office in writing.
- Growers having sufficient space for the increase at their registered density will be eligible for allotments beginning in period A-164. Growers with insufficient space will be given until July 5, 2021 to provide the required space. Failure to meet this deadline will result in forfeiture of any portion of the growth quota that cannot be accommodated.

- All new production space to be measured and approved by BCCMB staff and added to the grower’s profile prior to any growth quota and corresponding allotments being issued by the board.

3. Effective with period A-164, the maximum farm size described in Part 34 Quota Limits and Quota Transactions will be increased from 750,000 to 900,000 kilograms.

315 growers are eligible to receive the 20% increase to their base quotas in the first quarter of 2020. It is estimated that as of December 31, 2018 that 25 growers will be short of sufficient space to accommodate the increased quota allocation. By increasing their present stocking density, most of these will qualify. The remaining few have indicated that they will be ready by the deadline by providing additional barn space. The PAR update for 2019 will provide a report on the allocation of the 20% pro-rata mainstream quota increase.

The BCCMB anticipates that quota transfers in 2019 will be minimal due to the QTAR/QATE decision that restricts growers from qualifying for issuance of growth quota if they have transferred quota in the year prior to the growth issuance. The BCCMB provided advance notice of a 20% pro rata mainstream quota increase that will be issued in November of 2019 for use beginning in period A-164 which occurs in the spring of 2020.

This would suggest that there will be little to no quota movement between November of 2018 and November of 2019 as growers will not want to be excluded from the opportunity to receive an increase to their base quotas. This is the first general quota increase since 1997 and will be offered as a 20% pro rata increase to all qualifying mainstream chicken growers who must provide sufficient space in order to qualify for the increase.

Early in 2019 it is anticipated that the BCCMB will be in a position to announce a quota expansion in the specialty sector. This will be reported in our PAR update for 2019.

4. Facilitate and manage the transfer of quota.

The timely processing of requests for quota transfer is important to maintaining chicken production in accordance with allocation and sound marketing policy. The BCCMB has not established any minimum farm size standards, but does have a maximum farm size of 900,000 kilograms live weight that will take effect July 5, 2020. The previous maximum was 750,000 kilograms; the increase to 900,000 reflects the 20% general quota increase.
The BCCMB’s quota transfer assessment policy is set out in Part 35 of the General Orders. The policies adopted by the BCCMB with respect to the QATE resulted in a reduced volume of quota transfers in 2018 as grower interest in securing the 20% increase in base quota allocation took priority. The following table provides a summary of quota movement over the past 5 years.

<table>
<thead>
<tr>
<th>YEAR</th>
<th># OF TRANSFERS</th>
<th># OF KGS</th>
<th>PERIODS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>86</td>
<td>2,924,195</td>
<td>A-121 TO A-127</td>
</tr>
<tr>
<td>2015</td>
<td>33</td>
<td>854,841</td>
<td>A-128 TO A-133</td>
</tr>
<tr>
<td>2016</td>
<td>57</td>
<td>2,291,272</td>
<td>A-134 TO A-140</td>
</tr>
<tr>
<td>2017</td>
<td>89</td>
<td>3,954,622</td>
<td>A-141 TO A-147</td>
</tr>
<tr>
<td>2018</td>
<td>43</td>
<td>1,894,539</td>
<td>A-148 TO A-153</td>
</tr>
<tr>
<td>TOTALS</td>
<td>308</td>
<td>11,919,469</td>
<td></td>
</tr>
</tbody>
</table>

Quota transfers are not tracked by region due to the fact that quota movement on Vancouver Island and the Interior regions are restricted to those regions.

As part of the review process the BCCMB conducted a study into the pros and cons of a board administered quota exchange. It was determined that the current open market system for quota transactions is functioning adequately, and there is no need for an exchange at this time. This decision could be revisited at a future date if circumstances warrant.

5. Quota prices

The BCCMB does not attribute or assign value to quota allocated. Quota remains the property of the BCCMB and is to be used when allocated. Other than recording the transfer and applying any applicable transfer assessments, the BCCMB does not facilitate the transfer of quota and does not sponsor a quota exchange. The BCCMB is aware that when quota is transferred a value is attached, however, the BCCMB does not maintain a record of quota prices.
6. Industry Stability

The elimination of Assurance of Supply policies in 2010 enabled growers to move their production from one processor to another by providing written notice for the next unallocated period. This length is approximately 2 cycles (16 weeks) in most cases and the prescribed form requires the signature of the grower and the two affected processors. As the elimination of Assurance of Supply took effect, there was an initial period of adjustment and movement of production by growers, however over time movement has reduced as illustrated by the following table.

<table>
<thead>
<tr>
<th>PERIOD</th>
<th># OF GROWERS</th>
<th>ANNUAL TOTAL</th>
<th># OF KGS</th>
<th>ANNUAL TOTAL</th>
<th>AVG FOR YEAR</th>
<th>TOTAL ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-134</td>
<td>2</td>
<td>59,173</td>
<td></td>
<td></td>
<td></td>
<td>33,138,603</td>
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<tr>
<td>A-135</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td>34,223,538</td>
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<tr>
<td>A-136</td>
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<td>34,605,669</td>
</tr>
<tr>
<td>A-137</td>
<td>4</td>
<td>95,484</td>
<td></td>
<td></td>
<td></td>
<td>34,778,803</td>
</tr>
<tr>
<td>A-138</td>
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<td>112,326</td>
<td></td>
<td></td>
<td></td>
<td>34,148,987</td>
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<td>A-140</td>
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<td>26,042</td>
<td>529,662</td>
<td>31,156.59</td>
<td>33,772,977</td>
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<td></td>
<td></td>
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<td>70,614</td>
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<td></td>
<td></td>
<td>36,345,731</td>
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<td>36,596,861</td>
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<td>80,378</td>
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<td></td>
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<td>31,798</td>
<td></td>
<td></td>
<td></td>
<td>35,715,697</td>
</tr>
<tr>
<td>A-147</td>
<td>3</td>
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<td>110,051</td>
<td>459,048</td>
<td>17,001.78</td>
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<td></td>
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<td></td>
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<td>37,003,204</td>
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<td></td>
<td>38,343,879</td>
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<tr>
<td>A-152</td>
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<td></td>
<td></td>
<td>37,513,358</td>
</tr>
<tr>
<td>A-153</td>
<td>3</td>
<td>9</td>
<td>65,539</td>
<td>133,316</td>
<td>14,812.89</td>
<td>37,134,264</td>
</tr>
</tbody>
</table>

Quota movement accounts of less than 0.17% each period.

The last quota transfers that would not have an impact on a grower receiving the 20% issuance in quota would occur in quota period A-155. The 20% issuance is to take place for quota period A-164 (commences July 5, 2020).
Governance Measures

General

- **Board composition and approved election rules:**
  - The BCCMB is composed of three members including the Chair that are appointed by Order in Council of the BC government and two growers that are elected by individuals that appear on the register of growers and are registered with the BCCMB as registered voters.
  - The BCCMB has election rules that are submitted to BCFIRB every three years for approval. The current version was approved by BCFIRB on October 2, 2017.

- **Board responsibilities are clearly defined with job descriptions:**
  - The BCCMB has clearly defined job descriptions for both the Chair and members. These form part of the BCCMB Policy Manual and discussed fully with all new Board members. Included in the job descriptions are the following headings:
    - BCCMB’s purpose and mandate
    - Nature and scope of the position
    - Duties and responsibilities of members
    - Program linkages
    - Member qualifications

- **Director orientation is in place – legal, regulatory and public policy basis of governance; principles of accountability, transparency and independence:**
  - In addition to the very detailed job descriptions referred to in the previous bullet, each new board member is given a full introduction to the BCCMB policy manual and its contents by the BCCMB Executive Director and Executive Assistant prior to their first board meeting. Board members that are new to the industry are also provided the opportunity to visit a chicken farm, hatchery and processing plant.
  - The BCCMB has a New Board Member Orientation program which can be found in the BCCMB policy manual. This policy outlines the orientation steps and timeline that will take place during the first six months of the term of a new member.
  - CFC conducts a two day session once a year for orientation in the programs, policies and regulations of the national agency for all new CFC directors, alternates and provincial executive directors.

- **Training and professional development plans and programs in place for board and staff:**
  - All board and staff members are encouraged to participate in any and all COGA sessions that are relevant for them or that they are interesting in attending.
  - The BCCMB maintains a budget for training and courses that allows staff members to enhance their skills.
  - All BCCMB field staff members are certified as PAACO auditors which gives them the highest animal care certification available in Canada.
  - The BCCMB covers the annual professional fees for staff members such P. Ag and CPA.
Training and professional development on director responsibilities, mandate and fiduciary duties, roles of officers, ethics, confidentially, privacy conflict of interest, recusal policies and governance best practices:
- Many of these topics have been covered by COGA sessions which are generally very good. Board members are always encouraged to attend.
- In the spring of 2018 the Board engaged a consultant to work with board members and the BCCGA that was designed to delineate the roles and responsibilities of the two organizations.
- In the autumn of 2018 the Board engaged the same consultant to conduct a two day planning and board governance session.
- The BCCMB policy manual addresses all of these topics.

Performance expectations and evaluations – annual board and director evaluation; board and director effectiveness:
- Annual board and director evaluations are conducted through the BC Council of Marketing Boards (the “COMB”)
- The board conducts an annual stakeholder satisfaction survey, also through COMB.
- At the conclusion of each board meeting, members and senior staff evaluate the effectiveness of the meeting, value of the agenda items and identify areas for improvement.

Code of Ethics/Conduct:
- The BCCMB has a Code of Conduct document as well as an Oath of Office. Both of these must be signed by each new board members prior to attending their first meeting. The signed versions are kept on file in the board office. These documents can both be found in the BCCMB Policy Manual. In addition, each board member is required to submit an annual conflict of interest declaration which is reviewed by the BCCMB chair. The Chair’s conflict declaration is reviewed by the BCCMB vice chair.

Strategic Plan:
- The current BCCMB three year strategic plan will be completed at the end of 2019. It is expected that early in 2019 plans will be established for the next iteration of strategic planning which will take the BCCMB to the end of 2022.

Annual Report:
- The Annual Report is published and submitted annually in accordance with BCFIRB policy direction.
- The BCCMB 2018 Annual Report has been published and is available on the public side of the BCCMB website.

Succession planning/plan for staff and members, as applicable or appropriate:
- A plan is in place for the succession of key staff members which is refreshed annually.
Given that three of five directors are government appointees and two are elected by 326 growers, we do not plan for the succession of directors.

- **Consolidated orders and other policies published and up to date:**
  - The BCCMB General Orders are kept up to date as required and available on the BCCMB website. Individual amendments are circulated and posted on the BCCMB website.

- **Federal-Provincial Agreement for Chicken**
  - Prior BC FIRB approval is required prior to the BCCMB entering into amendments to the FPA or CFC Operating Agreement.
  - It is expected in 2019 that an amendment to the Operating Agreement to include the Atlantic Canada Safeguard Agreement will be requested to be executed by the BCCMB.

### Financial

The BCCMB has an Audit and Finance Committee which meets regularly to review the budget and finances of the BCCMB and brings forward to the board as a whole any issues, concerns and recommendations. The Audit and Finance Committee also meets on a quarterly basis with the BCCGA Executive to review their expenditure to budget performance for that quarter. The BCCMB hired a new staff accountant in 2018 who holds a CPA designation.

- **Audited annual financial statements presented in annual reports and at annual general meetings:**
  - The 2017 BCCMB audited financial statements were presented at the BCCGA annual general meeting (AGM) on March 1, 2018.
  - The BCCMB audited financial statements can be found in the BCCMB 2018 Annual Report which is available at [www.bcchicken.ca](http://www.bcchicken.ca)

- **Auditors appointed in accordance with Scheme requirements:**
  - The BC Chicken Marketing Scheme (1961) section 3.17 *Election of Auditor*, requires that this be done at the BCCGA AGM. The BCCGA will consider a resolution to re-appoint MNP as BCCMB’s auditor for 2019 at their AGM on February 28, 2019.
  - The BCCMB has a policy which requires that the board issue a request for proposals every five years for the services of its external auditor.

- **Approved commodity board member remuneration and expense policy consistent with legislation and relevant policies.**
  - The BCCMB policy manual contains a number of policy documents related to this that are updated periodically as required:
    - Board member remuneration
    - Travel and Expense policy
    - Cheque issuance and signing authority
COMB conducts a *Directors’ Compensation Survey* every few years; the latest version was provided to the members of the COMB in 2018 and reviewed by the BCCMB audit and finance committee.

- **Internal controls and policy checklist defined, in place and published.**
  - All internal financial controls are up to date and contained in our Board Policy Manual.

- **Evidence that the board engaged senior staff in annual budget approval:**
  - In 2018 as in previous years, the draft budget was prepared initially by the Executive Director, in consultation with the staff accountant and other senior staff members, discussed and reviewed by the BCCMB audit and finance committee, and presented to the full board for approval which is noted in the BCCMB minutes that are provided to BCFIRB.

- **Accounting practices that are in accordance with legislation, regulations, published standards and stakeholder expectations of accountability and transparency.**
  - The BCCMB staff accountant holds a Certified Public Accountant (CPA) designation.
  - The BCCMB’s external auditors are MNP. For the 2018 audit, MNP had no concerns, found no evidence of fraud, and provided no recommendations for improvement in the annual Management Letter which is provided at the conclusion of the year-end audit process.

- **Establishing and maintaining appropriate financial accountabilities with producer associations and other organizations that may receive funding from boards to carry out delegated responsibilities under the Natural Products Marketing Act and the schemes.** This includes evidence that the Board, in its budget approval process, has satisfied itself that any producer association expenses the board funds are legally authorized and the expenditures are consistent with sound marketing policy:
  - Section 4.01(k) of the Scheme allows the Board to pay to the BC Chicken Growers Association any portion or all of the expenses incurred by the said organization with the authority of the board in carrying out the expenses of the Scheme. Consistent with the BCFIRB *Rainbow* decision, the BCCMB requires that the BCCGA:
    - Submit a detailed budget request annually to the BCCMB finance committee
    - Pass a motion at the BCCGA AGM to adopt the proposed budget.
    - Publish the BCCGA budget in the BCCMB annual report in order to be available to all growers.
    - Produce a line by line Funding and Use report which is presented to the BCCMB in advance which is also published in the BCCMB Annual Report.
  - One approved by the BCCMB, the BCCGA budget becomes an expense line item in the BCCMB budget.
Stakeholder/Producer Consultation and Involvement:

- **Stakeholder experience with board operations, processes, policies and communications:**
  - A comprehensive annual satisfaction survey is sent to growers, hatcheries, processors and other stakeholders to determine the level of satisfaction with board operations, processes, policies and communications. This is done each year through services provided by COMB. In 2018 we experienced a low response rate and will try a different time of year in 2019.

- **Stakeholder feedback actioned where appropriate:**
  - The feedback from the above noted survey was limited in 2018 but gave the Board some direction in areas where could be some improvement. The primary comment of growers was general unhappiness with the live price situation.
  - The stakeholder feedback survey results were discussed with BCCGA directors who indicated that there may have been grower confusion given that the BCCGA also had a survey before the growers at virtually the same time.
  - The BCCGA directors indicated their general satisfaction with the BCCMB.
  - Given the tensions created in 2018 through establishment of the interim pricing formula and appeals, the BCCMB appointed two of its members as processor liaison that would meet with the PPPABC to discuss items of interest and concern prior to presentation to the Board.

- **Consultation with stakeholders (e.g., producers, other supply chain members, BCFIRB, national agencies, other provincial agencies, Ministry of Agriculture), as deemed appropriate and meaningful by the boards, to address sound marketing and public interest expectations including emerging social, environmental, production and demand issues in BC.**
  - Quarterly scheduled meetings were with the Primary Poultry Processors Association of BC. Additional ad hoc meetings were as required.
  - Quarterly scheduled meetings were held with the BC Chicken Growers Association. Additional ad hoc meetings were held as required.
  - Board and staff members attended regional BCCGA meetings in the Lower Mainland, Interior and Vancouver Island.
  - The Board held a full board meeting once the Interior and Island regions in order to provide growers in the outlying regions access to the board members.
  - Board and staff attended meetings with BCFIRB as required.
  - The Board maintains and supports its Price and Production Advisory Committee (PPAC)
  - The Board maintains and supports its Specialty Markets Advisory Committee (SMAC)
  - Two board members and the Executive Director attended all CFC directors meetings.
  - The Executive Director attended three meetings of ten provincial BCCMB managers. These meetings were also attended by senior CFC staff members.

Sound Decision Making/Sound Marketing Policy

The goal of the BCCMB is to minimize the number of appeals to BCFIRB by making sound principle based decisions. It is not always possible to avoid going to appeal, but where possible the BCCMB
will engage in mediation in an attempt to settle the matter without the necessity of BCFIRB involvement.

When matters proceed to appeal, the BCCMB has an excellent record in having their decisions upheld by BCFIRB appeal panels.

The Board has made a conscious decision to commit the necessary professional and financial resources to obtain a successful outcome in defending their decisions at appeal. SAFETI’s are written and posted on the BCCMB website as Schedule 15 decisions at [www.bcchicken.ca](http://www.bcchicken.ca). Legal counsel is used in all cases to defend the BCCMB’s position.

- **Type and outcome of appeals to BCFIRB**

In 2018 the following appeals were filed with BCFIRB:

- **K&M Farms – appealed denial of direction of product and continuation of services.** Appeal heard June 15 & June 19, 2018. Appeal withdrawn the day after written closing submissions were due.
- **PPPABC – appealed mediated pricing agreement for quota periods A-146 to A-150 inclusive.** BCCMB applied to have appeal dismissed. On August 27, 2018, FIRB found that no special circumstances exist for extending the time limit for filing an appeal and granted a summary dismissal.
- **PPPABC – appealed pricing for quota periods A-151 to A-156.** Hearing completed November 2018. No decision received from FIRB in 2018.
  - o Requested a stay. On July 13, 2018, FIRB ruled to dismiss stay application.
- **BCCGA – appealed pricing for quota periods A-151 to A-156.** Appeal was combined with PPPABC pricing appeal of same quota periods. Hearing completed November 2018. No decision received from FIRB in 2018.
- **BCCGA – appealed denial of funding for feasibility study for a hatchery and processing plant.** On November 8, 2018 BCCGA withdrew their appeal.
- **Outlander Poultry Farm Ltd. – appealed decision respecting over allotments in excess of registered space for periods A-151 and A-152.** Appeal withdrawn on December 21, 2018. Order of dismissal issued by FIRB on January 2, 2019.

- **Demonstrated transparency on significant or major commodity board decisions (e.g., pricing or quota allocation), including process and rationale for decisions or reasons for change. This includes: clear objectives, goals and outcomes, demonstration of market**
understanding and articulation of the principles for evidence based decision making application of SAFETI principles.

- SAFETI principles are used in all decisions of the BCCMB and has become part of the culture of the Board and staff at the BC Chicken Marketing board as evidenced in the 2018 pricing formula appears.
- SAFETI analyses are referred to by the BCCMB as Schedule 15 decisions and are posted on the public side of the BCCMB website.

- Meeting quorum and other decision-making governance requirements, including management, documentation and disclosure of conflicts of interest and recusals.

  - At the beginning of each board meeting the chair asks the members if there are any conflicts to declare with regard to the agenda for the day.
  - When recusals occur, the minutes will reflect that a member declared a conflict, which item it referred to as well as the actual times that the member left and rejoined the meeting.
  - The rules for quorum are included in the BCCMB policy manual and referred to if required.

- Prompt timing, delivery and disclosure of commodity board decisions.

  - Decisions and rationales for Board decisions are communicated as soon as possible after each board meeting. Only in rare occasions where a decision is tabled to the next meeting a decision could be delayed, but never more than 30 days. If a delay is encountered, notification is communicated in writing.

- Copies of all minutes, orders, reports, rules and regulation of every commodity board shall be forwarded as they are made or amended, to BCFIRB (as required by regulation).

  - Minutes of all board meetings are submitted to BCFIRB within three business days after being approved by the board. Without exception.
Through its Strategic Plan, the BCCMB establishes specific program goals and targets which are detailed below.

As part of its good governance responsibilities, the BCCMB established the following goals as part of its current strategic plan. One of the critical roles that the BCCMB performs is setting the live price of chicken in BC. In addition, the BCCMB works with the British Columbia Broiler Hatching Egg Commission through a Linkage Agreement that normalizes the price of chicks with the live price of chicken.

2018 Goals
1. Maintain 100% certification in Mandatory Programs for all growers.

The BCCMB requires under Part 32 of the General Orders that all quota holders be certified in three mandatory programs:

- Chicken Farmers of Canada On Farm Safety Assurance Program
  - Made mandatory by the BCCMB for all growers in December, 2003
- Chicken Farmers of Canada Animal Care Program
  - Made mandatory by the BCCMB for all growers in December, 2012
BC Biosecurity Program
  - Made mandatory by the BCCMB for all growers in March, 2007

The first two programs are standard across Canada and were developed as part of CFC’s continuing quest to enhance performance and maintain social license. The Biosecurity Program in unique to British Columbia and was developed in response to the 2004 Avian Influenza outbreak.

All three of these programs are mandatory and verified by annual on-farm audits performed by trained and certified BCCMB staff members. Sanctions for noncompliance are specified in Part 32 of the BCCMB General Orders.

There are 372 registered farm locations to audit in BC which includes the Interior and Vancouver Island. All locations had completed or were scheduled for their audits by the end of 2018.

The corrective action requests (CAR’s) were completed in the appropriate timeframe after issuance. The number of farms with CAR’s for water tests and incomplete Standard Operating Procedures (SOP’s) has decreased since 2017, however CAR’s for stocking density, rodent control and barn exterior maintenance increased in 2018. The rise in the rodent control/barn maintenance is concerning and will receive additional attention by BCCMB auditors in 2019. Stocking densities are recorded for all farms with additional requirements and documentation required for the maximum density of 38 kilograms per square meter permitted under the BCCMB General Orders and CFC Animal Care Program.

The BCCMB issued 5 warning letters for overdue CAR’s and 3 penalty letters. All farms that received these letters completed their corrective actions. There were 7 complaints made to the BCCMB in regards to poultry producers in 2018.

Some were unfounded and were normal farm practices, others had trigger audits completed on them with CAR’s being issued and completed. One farm received a penalty for noncompliance under the CFC Animal Care program. As a result of BCCMB staff working with the producer and the complainants there were no follow up occurrences on these farms.

The 4 most common corrective action requests for On Farm Food Safety Program, Animal Care Program and the BC Biosecurity program were:

1) 73 corrective actions for not submitting the required annual water test
2) 70 corrective actions Density calculations/high density monitoring requirements
3) 65 corrective actions Barn and Surrounding area maintenance/rodent control
4) 28 corrective actions for Medications in feed/cross contamination

100% compliance has been achieved in 2018.
2. Ensure that opportunities continue for growers and processors to create and market niche chicken products to meet changing consumer demands.

Since 2005, the BCCMB has maintained a robust new entrant grower program that allows new entrants an opportunity to participate in the BC chicken industry without the financial barrier of acquiring their initial quota from another grower. The intention of this program is that over time, new entrants will acquire additional quota from other growers to grow their operations.

The BCCMB continues to use its New Entrant Program for Growers as a means to support regional processors and to provide opportunities for new entrant growers in all regions of the province.

In 2005 the initial quota offered to new entrant growers was 7,746 kilograms live weight per period. This was increased to 11,189 kilograms live weight per period in 2013.

After extensive consultation with existing new entrant growers and niche processors in 2016, the BCCMB undertook a full review of the viability of the new entrant grower program and approved a number of amendments as follows:

- The new entrant program for growers was amended to provide increases to base quota from 11,189 kilograms to 20,000 kilograms per cycle and a further opportunity for new entrants to acquire an additional 10,000 kilograms from another grower and receive a matching 10,000 kilograms from the Board. (Total 40,000 kilograms/cycle.)
- Announced a 20% pro rata quota increase to all mainstream growers to take effect in the spring of 2020. This included existing new entrants that by taking advantage of the entire growth package could grow to 48,000 kilograms per period.

The following is a review of the activities related the BCCMB’s New Entrant Program for Growers in 2018:

- Under the methodology contained in Schedule 9 (Part 49) (Section 49.21) and retracted under Part 35 Quota Transfer Assessment the Board deemed a total of 113,088 kilograms of quota to be available for distribution to qualifying new and deemed new entrant growers in 2018.
- In November of 2016 the BCCMB voted to increase the entry level for mainstream new entrant growers from 11,189 kilograms per period to 20,000. Existing new entrant growers were provided with the opportunity to apply for increases to their quotas from their present levels to the new entry level of 20,000. A number of growers that had extra space were able to take advantage of this opportunity in the next unallocated period. Those that did not have space were provided with 365 days to do so. By the end of 2017 all growers that were eligible for the increase applied and provided the required barn space to qualify. In 2018, a number of these growers took advantage of the “buy one, get one” provisions of the amended new entrant grower program during the second year of the three year offer which will expire on January 1, 2020.
The following mainstream quotas were issued to new entrant growers in 2018.

<table>
<thead>
<tr>
<th>Region</th>
<th>Type</th>
<th># of kilograms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver Island</td>
<td>Mainstream</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Incentive (matching) quotas issued under the “buy one, get one” program to existing qualifying new entrant growers in 2018:

<table>
<thead>
<tr>
<th>Region</th>
<th>Type</th>
<th># of kilograms</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Mainstream</td>
<td>52,038</td>
</tr>
</tbody>
</table>

Available for distribution in 2018: 113,088 kilograms
Total incentive quotas issued in 2018: 72,038 kilograms
Balance: 41,050 kilograms

Due to over-allocation of new entrant quotas in 2017 resulting from the entry level being increased from 11,189 to 20,000 kilograms, the BCCMB carried a deficit of 134,037 kilograms into 2018. Applying the 41,050 kilograms that were under-allocated in 2018 reduces the deficit to be carried forward to 2019 to 92,987 kilograms.

Looking ahead to 2019.

Using the methodology contained in Part 49 New Entrant Program for Growers of the General Orders the BCCMB has determined the available kilograms of quota available for distribution to qualifying new entrant and deemed new entrant growers in 2019 to be:

- **120,842** kilograms available for distribution in 2019.

In addition, and as part of the general mainstream quota expansion the BCCMB will make provision for four prospective new entrant growers in the Interior region and five in the lower mainland to begin production at an initial level of 20,000 kilograms per period. These growers will be provided with the “buy one, get one” option to purchase a further 10,000 kilograms which will be matched by the BCCMB.

These new entrants will be approved to begin production no earlier than period A-165, the first period following the general quota increase.
In 2019 the BCCMB will address the needs of the specialty sector. The conversion of specialty quotas that had been used for the production of certified organic chicken to mainstream quota was completed in 2018.

The agreement reached with the three growers involved will allow the BCCMB to concentrate on determining the increase in the specialty quota pool that is required to meet the needs of the specialty sector going forward. This work was completed in the first quarter of 2019; the results will be reported in the 2019 PAR update.

In conjunction with the 20% general mainstream quota expansion, the BCCMB determined that there should be consideration given to starting several mainstream new entrants in the Lower Mainland region. As a result of the needs of the Vancouver Island and Interior regions and the specialty sector in the Lower Mainland, it had been a number of years since any mainstream new entrants were approved in the Lower Mainland.

On August 10, 2018 the BCCMB invited processors to apply for one or more of five new entrant growers in the lower mainland region as follows:

To the attention of all BC Lower Mainland Chicken Processors.

Re: BCCMB New Entrant Program for Growers.

As part of the general quota expansion plan announced in June 2018, the Board has approved five of the mainstream new entrant candidates that have been on the lower mainland waiting list since 2012.

These prospective new growers will be offered the opportunity to proceed and to be in production no earlier than quota period A-165. The terms will reflect those in the recent NEG initiative introduced by the Board.

- Initial production of 20,000 kilograms per 8-week cycle of mainstream chicken.
- Option to acquire up to an additional 10,000 kilograms of mainstream quota from another grower.
- Matching of up to 10,000 kilograms by the Board from January 1, 2021 to December 31, 2023 in accordance with the buy one, get one (BOGO) provision of the revised NEG initiative. 40,000 kilograms is the maximum quota available under this program. Quota acquired beyond this level will not be eligible for matching quota from the board.

The successful applicants will be given up to six quota periods beyond A-165 to have completed their facilities; failure to be ready to grow chicken by period A-171 will result in the offer to proceed being withdrawn by the Board.

The quota required for this program will be funded by retaining the deemed quota transfer assessment of 5% on all quota transfers that has been in effect since 2005.

The Board plans to direct these new growers to specific lower mainland processors for a period of up to ten years and is seeking expressions of interest from processors interested in working with one or more them. We invite you to submit your interest in writing to the Board outlining your request to include (but not limited to):
- Reference to any new, value added or diversified marketing opportunities that you intend to address with this additional production.
- Assurance that your plant has the capacity, beyond current volumes, to process (in a timely manner) up to 40,000 kilograms more per period for each new grower that you are requesting.
- The level and type of practical support you will provide to assist the new grower in both:
  - Planning for his/her new operation such areas as: site planning, construction and driveway requirements, loading doors and pads etc.
  - Education, training and mentoring that will ensure your new growers develop into high performing and quality focused operators.

The deadline for submissions October 1, 2018 at 4:00 PM. The Board will then review the submissions and inform the successful processors of the NEG growers contact information.

At the deadline, submissions were received from five processors. Following a full review by the BCCMB, only one was deemed to have met the criteria as outlined in the August 10, 2018 letter. Two of the five prospective new entrants were awarded to Fraser Valley Specialty Poultry. The remaining three were put on hold pending further review and next steps to be determined by the BCCMB.

3. Implement programs that provide the opportunity for a fair return to producers, and allow processors to be competitive in the domestic market.

- In 2018, the BCCMB initiated the annual review of the new pricing formula that was established in May 2017 which included a process to engage stakeholders.
- The new pricing formula was implemented after full consultation with industry. The new formula is presently under appeal awaiting a decision from BCFIRB. It can be found in the General Orders at Schedule 19 – Pricing Model.

The BCCMB also undertook the following actions in accordance with this goal:

- Stocking density amended to reflect the national standard allowing growers to use barn space more efficiently, which can be found at Schedule 5 of the General Orders.
- Value chain committee formed and led by the BCCMB. Membership includes BCCMB, BCBHEC, hatcheries, processors and BCCGA. Seven meetings were held in 2018.
- Cost of production for Taiwanese and Silkie chicken updated and implemented every 5 years. The last update occurred June 2016.
- Reviewed and updated the Linkage Agreement and Cost of Production model as per the schedule contained in the MOU between the BCCMB and BCBHEC.
- Working with the BCBHEC, initiated the updates and revisions to the Cost of Production models for broilers and breeders.
- Made in BC cost of production formula scheduled for completion in 2019 that can contribute to the dual goals of a fair return to growers and a competitive environment for processors.
4. **Implement programs to promote increased production and consumption of chicken in BC**
   - Engaged services of a professional marketing agency to raise the profile of grown in BC chicken and challenge myths (hormones/steroids/cages etc.)
   - Engaged services of bloggers for the same purpose.
   - Refurbished BC Chicken website to make it more user friendly and informative. The website can be found at [www.bcchicken.ca](http://www.bcchicken.ca).
   - Annual review of marketing strategy.
   - Developed, funded and implemented specialty Asian chicken marketing campaign in the spring of 2017 and winter of 2018.

5. **Working within the Federal Provincial Agreement for chicken to optimize growth opportunities for the BC chicken industry.**
   - Invited western processors to a meeting of the western BCCMBs to discuss issues of mutual interest/concern.
   - Worked with 7/11 stores in sign on nationally with the “raised by a Canadian Farmer” brand late in 2017.
   - Continue to work with the new national allocation agreement that is now approximately half way through its 66 period life.

6. **Achieve “Best in Class” Board governance and business operations.**
   - Implemented an online tool and phone app for growers referred to as the “grower dashboard”
   - Conducted a review of the roles and responsibilities of the BCCMB versus the BCCGA with a view to establish authorities and eliminate overlap.
   - Conducted a Board governance review session in September, 2018.
   - Went to digital communications only with growers. Eliminated fax line as of December 31, 2018.
   - Updated staff succession plan; this is done annually.
   - Continued schedule of quarterly meetings separately with processors and BCCGA.
   - Continued to pursue the concept of joint office space with BCBHEC.
   - Conduct an annual stakeholder satisfaction survey through COMB. Due to a low response rate in 2018 the board will review the content and timing for 2019.
   - Conduct a review of the Board Policy Manual on an “as needed” basis, with a full review conducted by the Finance Committee every second year. Next review due in 2020.

This concludes the British Columbia Chicken Marketing Board 2018 Public Accountability Report.