

IN THE MATTER OF THE
NATURAL PRODUCTS MARKETING (BC) ACT
AND
APPEALS FROM DECISIONS CONCERNING THE DIRECTION OF PRODUCT

BETWEEN:

PRIMARY POULTRY PROCESSORS ASSOCIATION OF BC

SUNRISE POULTRY PROCESSORS LTD.
HALLMARK POULTRY PROCESSORS LTD.
LILYDALE CO-OPERATIVE LTD.
K&R POULTRY LTD. dba FARM FED

APPELLANTS

AND:

BRITISH COLUMBIA CHICKEN MARKETING BOARD

RESPONDENT

AND:

ROSSDOWN FARMS LTD.

INTERVENOR

DECISION

APPEARANCES:

For the British Columbia Marketing Board

Ms. Christine J. Elsaesser, Vice Chair
Mr. Hamish Bruce, Member
Ms. Satwinder Bains, Member

For the Appellants

Primary Poultry Processors Association of BC
Sunrise Poultry Processors Ltd.
Hallmark Poultry Processors Ltd.
Lilydale Co-Operative Ltd.
K&R Poultry Ltd. dba Farm Fed

Mr. Christopher Harvey, QC, Counsel
Ms. Wendy A. Baker, Counsel

For the Respondent

Mr. John J.L. Hunter, QC, Counsel
Ms. Sarah P. Pike, Counsel

For the Intervenor

Mr. Delwen Stander, Counsel

Dates of Hearing

November 19-22 and 28, 2002

Place of Hearing

Abbotsford, British Columbia

INTRODUCTION

1. These appeals relate to sound marketing policy in the chicken industry. In particular, the issue is whether the British Columbia Chicken Marketing Board (the “Chicken Board”) should have directed Sunrise Poultry Processors Ltd. (“Sunrise”), Hallmark Poultry Processors Ltd. (“Hallmark”), Lilydale Co-operative Ltd. (“Lilydale”) and K&R Poultry Ltd. dba Farm Fed (“Farm Fed”) (collectively the “Processors”) to purchase the Intervenor Rosssdown Farms Ltd.’s (Rosssdown’s) production during particular “home weeks”.
2. The Chicken Board’s decision was a reversal of the position it had vigorously expressed to the British Columbia Marketing Board (the “BCMB”) in *Rosssdown Farms Ltd. v. British Columbia Chicken Marketing Board*, September 12, 2002. In that appeal, Rosssdown took issue with the Chicken Board’s August 8, 2002 decision to refuse to direct a processor to pick up Rosssdown’s production grown in period A-49 (November 17, 2002 to January 11, 2003) in accordance with the established eight home week schedule of Rosssdown (and the related Wiebe Holdings Ltd.).¹
3. In *Rosssdown*, the Chicken Board was adamant that it ought not to intervene in the relationship between producers and processors to direct product except to ensure that all of a producer’s quota production for a period “finds a home”.
4. In its decision dated September 12, 2002 – rendered 3 days before hatching eggs had to be set (placed in incubators) in preparation for period A49 – the BCMB dismissed Rosssdown’s appeal, stating in part:
 28. Leaving aside that the Appellant is a major chicken producer and looking at the Appellant solely as a hatchery, there would be no basis upon which the Chicken Board would or should step in to assist a hatchery with its business plan. An independent hatchery, if it is going to be able to sell its product, should have a working relationship with a processor. When a grower purchases chicks from a hatchery, he must have an assurance that the chicken produced will be processed. The Chicken Board does not have the ability or the authority to dictate a business relationship between the hatchery and a processor.
 29. Does the situation change any then when one considers that the Appellant is a major chicken producer as well as a hatchery? The Panel does not think so. The Chicken Board is responsible for regulating the chicken industry. The Chicken Board has the authority to control the amount of chicken grown in British Columbia and the price paid for that chicken. Chicken producers hold quota, which gives them the privilege of producing the allocated volume of chicken at a price set by the Chicken Board. The processors, in turn, obtain that volume of chicken when during the production cycle they require it, at the price fixed by the Chicken Board. The supply-managed system ensures that producers are paid for the product they produce and processors receive the product when they require it to

¹ On a proper understanding of the Chicken Board’s policy rules, read in light of industry practise, and as described in our earlier *Rosssdown* decision, a home week is the week that a producer designates on the BC 101 contract, in consultation with the hatchery and the processor, for pick up of chicken by the processor. Despite the set home week, the processor may request a producer’s allotment of quota in the marketing week (the week prior to the home week, the home week or the week following the home week).

meet their market demands. The Chicken Board's task is to balance the needs of the producers with those of the processors in order to ensure stability in the marketplace.

30. What then is the role of the Chicken Board in this case? The Appellant, a chicken producer, in a move to be more profitable made a business decision to control its input costs by hatching its own eggs. Presumably this move is to maximise profitability for the Appellant over time. The Processors are further along this path than the Appellant. In a move to be more profitable, some years ago they also made business decisions to control input costs by having their own farms, hatcheries and processing plants. The motive is the same, to maximise profitability over time.

...

32. The Appellant is asking the Chicken Board to impose an arrangement that dictates the conduct of others in order to accommodate its larger business objectives. Those business objectives relate to the profitability of a hatchery and not the broiler operation. The Panel agrees with the actions of the Chicken Board in this instance. Anticipating the difficulty of getting Rosstown's chicken processed, the Chicken Board initially cautioned the Appellant against proceeding with its plans for a hatchery without obtaining a commitment from a processor regarding the purchase of that production. In the absence of a commitment from a processor and without any assurance from the Chicken Board that its product would be taken up, the Appellant nonetheless proceeded with its plans. The Appellant now seeks to have its eight-week schedule imposed on a processor. To do so will not only impact the Processors but other producers as well.
 33. The Panel is not satisfied that the injustice to the Appellant in not enforcing an eight home week schedule is so profound as to require regulatory intervention by the Chicken Board at this point. The Chicken Board is committed to meeting its regulatory objectives of ensuring that all the regulated product is purchased by the processors on a cycle by cycle basis. To date, 100% of the Appellant's production has been processed. The Chicken Board has confirmed its intention to ensure that all the Appellant's production is taken up by the Processors in A-49.
 34. Very clearly there is power struggle taking place between the Processors on one hand and the Appellant on the other. The Chicken Board is attempting to walk a fine line and balance competing interests. The Panel is not satisfied that the Chicken Board has erred in failing to impose the Appellant's eight home week schedule on any of the Processors. The Chicken Board has exercised sound judgement and acted properly.
5. By letter dated September 17, 2002, the Chicken Board communicated a motion assigning home weeks 2, 5, and 8 to Rosstown. However, as the Processors did not act on the foregoing motion, the Chicken Board reconsidered the allocation. By letter dated September 23, 2002, the Chicken Board issued an Order allocating two home weeks (5 and 8) to Rosstown in period A-49 and three home weeks (2, 5 and 8) for the periods thereafter.
 6. By letter dated September 27, 2002, the Chicken Board advised the Processors of its September 25, 2002 Order directing that Rosstown's production be allocated in the following home weeks and quantities in period A-49:

<u>Processor</u>	<u>Home week</u>	<u>Allocation (kgs live weight)</u>
Lilydale	5	32,587
	8	0
Sunrise	5	131,049
	8	116,477
Hallmark	5	97,591
	8	73,972
Farm Fed	5	16,400
	8	0

7. Despite the urgent nature of the issue, the Processors did not immediately appeal the Chicken Board's September 17, 23 or 27, 2002 decisions to the BCMB, or pursue a stay of those decisions. Then, on October 9, 2002, the Chicken Board applied to the Supreme Court of British Columbia for an order that the Processors comply with the September 25, 2002 Order directing product. On October 11, 2002, Mr. Justice Tysoe granted the Chicken Board's enforcement order stating:

[12] In my opinion, the Chicken Board had the jurisdiction to make its September 25th Order. The common law right to trade freely has been taken away by clear language in the Scheme, which was enacted pursuant to the *Act*. Section 4.01 of the Scheme gives the Chicken Board the power to promote, regulate and control in all and any respects the production and marketing of chickens. This language is sufficiently broad to include the right to include the right to control the sale of chickens by specific growers to specific processors at specific times and in specific amounts.

[13] The fact that the Chicken Board has never previously exercised this power does not mean that it does not have the power. The position of the Chicken Board has been that it would prefer the growers and processors to negotiate their own arrangements. These parties have been unable or unwilling to reach agreements in respect of period A-49, and the Chicken Board has concluded that it is appropriate for it to exercise its power in order to ensure stability within the industry.

[14] As was observed by the appeal panel of the B.C. Marketing Board in its September 12 decision, the production rights associated with quota would be severely undermined if the Chicken Board did not have the power to direct a product for purchase by a processor. As the Chicken Board has been given the power to regulate and control production and marketing in all respects, the power must logically include the power to direct product when necessary.

8. From our perspective as the body responsible for supervising and hearing appeals from the regulated marketing system, we find much to commend in the analysis of the Court on this issue. The power to direct product is integral to maintaining the rights of quota holders.

9. On the same day as the Court issued its decision (October 11, 2002), the Primary Poultry Processors Association appealed the Chicken Board's direction of product Order set out in the September 27, 2002 letter. No stay was requested. On October 22, 2002, Sunrise, Hallmark, Lilydale and Farm Fed collectively filed appeals of the Chicken Board's direction of product Orders contained in the September 17, 2002 and 23, 2002 letters.

ISSUES

10. The Chicken Board's authority to direct product having been confirmed by the Court as part of the enforcement proceeding, the present appeal proceeded purely on questions of sound marketing policy. As stated by the Court: "the issue of the propriety of the Order should be left to the appeal process". In that context, the policy issues are whether the Chicken Board erred in policy when:
 - A. It directed the Processors to purchase and pick up Rosstown's production in period A-49 during home weeks 5 and 8; and
 - B. It directed the Processors to purchase and pick up Rosstown's production for period A-50 and thereafter during home weeks 2, 5 and 8.
11. If the answer to (A) or (B) is yes, a further policy question arises as to what is the appropriate remedy?

DECISION

12. Much of the historical background to this appeal has been set out in the decision of a supervisory Panel of the BCMB dated June 5, 2002, the BCMB's *Rosstown* decision dated September 12, 2002 and the decision of Mr. Justice Tysoe dated October 11, 2002. Given the time constraints involved in issuing this decision, it is not our intention to review those earlier decisions. Nor it is our intention to review all the evidence at the hearing, though we have carefully considered all of it in arriving at the present decision.
13. For the purpose of this decision, it will suffice to set out core principles derived from the decisions referred to in the previous paragraph:
 - a) The Chicken Board has the authority, as part of the broad regulatory powers conferred by the *British Columbia Chicken Marketing Scheme, 1961* (the "Scheme") to direct regulated product from specific producers to specific processors at specific times and in specific amounts.
 - b) Implicit in the power to direct, is the power to require a specific processor to purchase and not just "receive" the regulated product.

- c) Registered producers as quota holders have the right to produce and ship a certain amount of product at a certain price set by the Chicken Board.
 - d) The Chicken Board has a fundamental governance obligation to ensure that all regulated product allocated and produced during a cycle is taken up by the processors.
14. Further, the BCMB recognises that in order for the chicken industry in the province to be competitive and viable, there must be co-operation among the Chicken Board, producers, suppliers of inputs and processors. The goal is to achieve efficiencies within the entire system in order to supply optimal product to the marketplace. Ultimately however, it is the processor who knows the market and knows how to meet market needs.

Direction of Product in A-49

15. Turning now to the first issue on appeal, the Appellants take issue with the Chicken Board's direction of product in home weeks 5 and 8 for A-49. Mr. Frank Burdzy, CEO of Lilydale, Mr. Murdy Pollon, President and Mr. Ron Pollon, Operations Manager both of Hallmark, Mr. Peter Shoore, President of Sunrise and Mr. Ken Huttema and Mr. Rob Vane, principals of Farm Fed all appeared before the Panel and vehemently opposed any such direction. They view any direction of product as interference in their ability to co-ordinate and plan their market requirements from the hatchery, through the grower and ultimately to the processing plant.
16. The Processors argue that the market for chicken has become increasingly specialised. Large retail customers have very specific demands as far as the size, weight and amount of product and when that product must be delivered. Processors and their affiliated hatcheries must plan for their markets several months in advance of the placement of eggs for any given cycle. Some processors do extensive research and development on given breeds and strains of chicken in order to maximise the yields for desirable products. The Processors argue that the direction of Rosstown's product into weeks 5 and 8 will interfere with their complex scheduling and cause additional costs in a business with already small margins. The impact is perhaps more severe for Farm Fed as a small specialty processor.
17. The Processors argue that the end result of the Chicken Board's direction of product Order is that producers who are already scheduled to ship product in weeks 5 and 8 will have to be moved to accommodate Rosstown's production. Many of these producers, some who appeared before this Panel, do not want to move their shipment dates as holidays have been scheduled and staffing arrangements have been made. Further, the Processors argue that in order to process Rosstown's product in home week 5 additional labour costs and overtime will be incurred. Finally, the Processors argue that there is no demand for Rosstown's product in home week 5. It is the week before Christmas, traditionally a time of low chicken

consumption. As a result, further charges will be incurred to store this product. Stored (frozen) product is less desirable and may be less profitable.

18. On a broader level, the Processors object to Rosstown's product being directed to them when that product is not grown from chicks from the Processors' affiliated hatcheries. They have concerns about loss of control of the breed and strain used and the quality of the chick supplied. They also have concerns about the economic impact on their overall operations due to losing revenue generated by their hatchery businesses.
19. The Chicken Board concedes that its directing of product is unprecedented. However, in period A-49, the Chicken Board was faced with a situation where a producer and the Processors were unable to agree on a shipping schedule. Accordingly, the Chicken Board was required to act to ensure the producer's product was taken up during the cycle.
20. Until period A-45, Rosstown had a 7 home week shipping schedule with its then processor Lilydale; the related Wiebe Holdings Ltd. operation had an additional home week for a combined 8 home week schedule. After A-45, Lilydale was no longer processing Rosstown's chicken. As a result Rosstown's production was allocated to the Processors out of the huddle. For periods A-45 to A-48, Rosstown's shipping schedule was: A-45 – six home weeks, A-46 – six home weeks, A-47 – 4 home weeks, A-48 – 4 home weeks. However, in A-49, the Processors took the united position that they would only take Rosstown's production in home week 8. Rosstown was unwilling to accept the one home week schedule proposed by the Processors.
21. The Chicken Board argues that the united position of the Processors was intended to work maximum harm to Rosstown's operations. Pushing all Rosstown's production into one home week creates significant disruption and makes it difficult for Rosstown to return to a multiple home week schedule. The Chicken Board takes the position that that the only explanation for the Processors' complete refusal to purchase Rosstown's production in home week 5 is Rosstown's opening of its hatchery commencing with period A-49. The Chicken Board argues that this is not a valid motivation for opposing the ordered home weeks.
22. As a result of the inability of Rosstown and the Processors to come to any agreement, the Chicken Board says it was required to exercise its jurisdiction over the production and marketing of chicken to ensure a shipping schedule that was fair for both the Processors and Rosstown. In its discretion, the Chicken Board initially opted for home weeks 2, 5 and 8. However, as this option was not accepted, home week 2 became unworkable and as a result the Chicken Board directed that Rosstown's production in A-49 be taken in home weeks 5 and 8.
23. As noted above, the BCMB agrees with the Chicken Board's earlier view that threats by the processors to refuse to take a producer's production unless he buys

their chicks warrants regulatory action by way of an order requiring that all such production find a home during the relevant period. However, the BCMB disagrees with the Chicken Board's more recent and more prescriptive approach, the change in which was not adequately explained during our hearing by the Chicken Board General Manager's use of the words "arbitrary" and "retributive". In our view, the proper governance approach of the Chicken Board is, as it has recently and vigorously argued, to ensure that all Rosstown's production is taken during the relevant period. In this case, despite statements by the Chicken Board's General Manager that the "hatchery thing" was "out of the picture", we find, based on the history of this matter and all the evidence we heard, that the Chicken Board's decision necessarily engaged in an assessment of what it felt was "fair" to Rosstown in light of its hatchery needs and schedule. In our view, this was not sound marketing policy for the Chicken Board.

24. Based on the evidence we heard, we are satisfied that the Chicken Board's course of action represented an improper intrusion into the Processors' ability to serve their customers in a difficult, complex and highly competitive market environment and disrupted the home week schedules of other producers. The Chicken Board's decision improperly intervened in the economic underpinnings of the chicken industry without an adequate assessment of the full implications of such an intervention. We remain convinced that Rosstown's hatchery needs and schedule are not a proper justification for the Chicken Board's actions in this case and we confirm the views the BCMB has expressed in its two previous decisions on this issue.
25. In making this point, we do not wish to be taken as suggesting that the Processors' position on this appeal is somehow morally superior to that of Rosstown. Indeed, we foresee that unless the two sides find a way to resolve their economic dispute, both will suffer, as both have economic leverage to inflict harm on the other. While their respective track records do not instill a great deal of confidence that this will change, our point is simply that what is essentially an economic power struggle involving competing hatchery businesses should not be the concern of the Chicken Board except insofar as it threatens Rosstown's right to sell all its quota production in a period for a reasonable price as determined by the Chicken Board.
26. In order to ensure that the product is taken up, the Chicken Board can designate a home week where there is an irreconcilable difference between the processor and the producer. The processor has some flexibility as to when it takes the product by its choice of marketing week (the week before the home week, the home week, or the week after).
27. The Chicken Board descends into undue micro-management when it attempts to set multiple home weeks in an attempt to accommodate a producer's hatchery business. The problems associated with micro-management of a complex industry are exemplified by the Chicken Board's direction of 60% of Rosstown's product into one of the lowest chicken consumption periods of the year.

28. We also wish to make clear that we are not saying that the Chicken Board can never become prescriptive with regard to the direction of product in multiple home weeks, as for example, where a producer is so large that all of its production cannot practically and safely be taken in one home week, or if a processor represents that it can do so and then fails to do so. However, we accept the evidence before us was that the Processors are able to take all Rosstown's production in one home week, in accordance with the Chicken Board's written policy rules. This said, we do not rule out the exercise of such authority by the Chicken Board in the future if the Processors do not live up to their representations that they can properly or safely take all Rosstown's production in a single home week in accordance with paragraph 26.
29. Having found that the Chicken Board erred in its decision, we are confronted with the issue of remedy. Section 8(9) of the *Natural Products Marketing (BC) Act* recognises that the BCMB must have the remedial flexibility to make an order it considers appropriate in the circumstances to ensure a fair, proper and just remedy that takes account of present circumstances – even if there has been a policy error by the commodity board. The present case presents the BCMB with extraordinary circumstances.
30. A critical factor in this case is that Rosstown's chicken grown for shipping in home week 5, as per the Chicken Board's September Order, is destined for slaughter starting December 15, 2002. In our view, the consequence of reversing this Order at this late date would be economically devastating for Rosstown. Rosstown has made plans and expended funds in reasonable reliance on the presumption that the Chicken Board's Order was valid, a reliance made even more reasonable given the Court's own Order of October 11, 2002 and the fact that the Processors did not file an appeal with the BCMB until relatively late in the day, and did not pursue a stay. Moreover, the Chicken Board's Order has been in effect since September 25, 2002. The Supreme Court upheld the Order on October 11, 2002. Had the Processors taken timely steps to accept Rosstown's production in home weeks 5 and 8, it could have been accommodated albeit with some difficulty. However, no steps were taken and now the Processors face greater inconvenience and cost. This was the risk they took in choosing to ignore an Order of the Chicken Board and a further Order from the Supreme Court.
31. All these circumstances, combined with our view that the economic consequences to Rosstown outweigh the consequences to the Processors in being required to comply with the Chicken Board's Order, has led us to conclude that the interests of industry stability require the Processors to comply with the Chicken Board's Order for period A-49.

Direction of Product in A-50

32. Most of the argument heard on this appeal related to period A-49, a period in which the Processors face considerable challenges due to lower chicken consumption during the Christmas season.
33. However, the Chicken Board's Order for period A-50 and thereafter requires the Processors to accept Rosstown's production in home weeks 2, 5 and 8. The Rosstown production unit has been broken down into certain floor configurations with each being treated by the Chicken Board as its own farm unit subject to its own home week.
34. The basis for the Processors' objection to this Order is the same as for A-49; the direction of product by the Chicken Board will interfere with the Processors' complex scheduling and cause additional costs in a business with already tight margins. Further, accepting chicks from an independent hatchery interferes with the Processors' choice of breed and their desire to maximise yields. Finally, the Processors do not support the Chicken Board assisting Rosstown, a business competitor, to "cherry pick" from the guaranteed margin hatchery business.
35. The Panel's decision with respect to A-50 is, subject to the condition set out below, the same as it was with respect to period A-49. On the issue of remedy, the Panel notes that egg sets for period A-50 have already begun. At this point, it is difficult for the Panel to alter the Chicken Board's choice of home weeks, which have now been known for over two months, without creating more disruption and instability in the industry. The result is that, for period A-50, increased processing costs will be borne by the Processors. However, this obligation for period A-50 will be subject to the additional requirement that Rosstown ensure that it takes appropriate measures to ensure a marketable product at shipping date. For example, Rosstown uses a mash-type feed which requires between 2-3 days longer for birds to reach market weight. By its own calculations, Rosstown believes it can meet the Chicken Board's requirement to ship in home weeks 5 and 8. However, to do so it plans to ship birds as young as 36 days to the Processors. Based on Rosstown's own evidence, these birds would be underweight and less marketable. By using pellet feed, Rosstown conceded that it could increase bird weight to produce a more marketable bird within standard industry timeframes.
36. Accordingly, for period A-50, we direct that Rosstown take appropriate steps to ensure that the birds shipped in weeks 2, 5 and 8 meet the BC 101 contract specifications as a condition of the Processors being required to comply with the Chicken Board's Order.

Direction of Product in Periods Thereafter

37. In period A-51 and thereafter, the only obligation on the Processors will be the obligation to ensure that all Rosstown's production is taken up in the relevant

period at the price set by the Chicken Board. Failing agreement, the Chicken Board may dictate the home week. The Chicken Board's right to dictate multiple home weeks only arises if the Processors do not live up to their representations that they can appropriately take all Rosstown's production in accordance with paragraph 26. Implicit in this decision is that, to some extent Rosstown will be able to rely on chicks from its own hatchery.

38. Having made this decision, there are three matters arising from this appeal deserving further comment.
39. First is the issue of hatchery capacity. Recent allocations from the Chicken Farmers of Canada have resulted in British Columbia not receiving the growth in provincial production that was anticipated. As a result hatcheries are not being used to full capacity. Rosstown's hatchery is now hatching product previously hatched by Lilydale's hatchery. However, it does not appear that the Chicken Board or the British Columbia Broiler Hatching Egg Commission (the "Commission"), both of whom licensed the Rosstown hatchery, entered into any discussion, much less meaningful discussion, about the appropriateness of a new hatchery facility at this time.
40. Despite the fact that issues relating to hatcheries played a significant role in this hearing, the Commission was curiously absent from these proceedings. When the industry itself is integrated, we would anticipate that the regulated commodity board responsible for an aspect of that industry would play some role in an appeal of this sort. As hatchery capacity is obviously an issue in the chicken industry, the Commission and the Chicken Board need to address this concern.
41. Given the level of integration, both operationally and economically, of the industry, perhaps it is time that the two commodity boards responsible for regulating the industry and their respective producers engage in more direct and constructive discussions about how they could work better together for the collective good of their industry generally and their producers specifically.
42. The second issue is the lack of quality standards. The Panel heard considerable evidence on the tight product tolerances that processors are given by their customers. An extensive amount of time and money go into establishing breeds and strains with better yields of desirable products. Producers who ship under weight, over weight or otherwise sub-standard birds cost their processors money and negatively impact the market. The Processors stated that they have little interest in penalties. What they want is product they can use at the time and place when they need it. It is the Chicken Board's responsibility to put in place appropriate production standards that serve to balance the needs of the industry. Even if appropriate standards cannot be agreed on by industry, the Chicken Board, perhaps in consultation with the Commission, may still need to act to ensure consistency within the industry.

43. The final point we would make is to reiterate the comments we have made at paragraph 25 of this decision, which we suggest all the parties reflect upon.

ORDER

44. In accordance with these reasons, we issue the following order:

- a) The Chicken Board's decision for period A-49 is confirmed.
- b) The Chicken Board's decision for A-50 is varied to make the Processors obligation to comply with the home week schedule set out by the Chicken Board subject to the Intervenor Rosstown's obligation to take appropriate measures to ensure a marketable product at shipping date.
- c) For period A-51 and thereafter, the Chicken Board's decision is – subject to any further decision by the Chicken Board in accordance with paragraph 26 of these reasons – varied to require only that the Processors pick up all of Rosstown's production in each period.

45. There will be no order as to costs.

Dated at Victoria, British Columbia, this 13th day of December, 2002.

BRITISH COLUMBIA MARKETING BOARD

Per

(Original signed by):

Christine J. Elsaesser, Vice Chair
Hamish Bruce, Member
Satwinder Bains, Member