

**BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD**

**Supervisory Review Re:**

**Chicken Operating Agreement Amendments**

**AFFIDAVIT #2 of WILLIAM P. VANDERSPEK**

I, **WILLIAM P. VANDERSPEK**, of 101-32450 Simon Avenue, Abbotsford B.C.,  
SOLEMNLY AFFIRM AS FOLLOWS:

1. I am the Executive Director of the British Columbia Chicken Marketing Board (the "Chicken Board" or the "BCCMB") and as such I have personal knowledge of the facts and matters hereinafter deposed to save and except where the same are stated to be made upon information and belief and where so stated I verily believe them to be true.
2. I have read the affidavit of Jeff McDowell and make this affidavit to explain the process the Chicken Board followed in presenting the position of the British Columbia industry to Chicken Farmers of Canada for periods A-139 and A-140.
3. On May 24, 2016, a meeting was held of the Pricing and Production Committee to discuss the allocation for A-139 and A-140. Attached as Exhibit "A" to my Affidavit are the draft minutes of the PPAC meeting.
4. At the meeting, the processors' representatives, including Mr. McDowell, expressed a number of concerns about receiving too great an allocation of chicken in these periods. As is noted on page 2 of these minutes, Mr. McDowell commented that the Western Processors had submitted to the CPEPC a number 1.5% above base for the Western Region. They also recommended a global number lower than the position the Chicken Board was proposing to propose to the CFC.
5. The next day, the Chicken Board met with representatives of the Primary Poultry Processors Association of BC to discuss a number of issues in the industry, including a review of the BC allocation process. Attached as Exhibit "B" to my Affidavit are the Notes of that



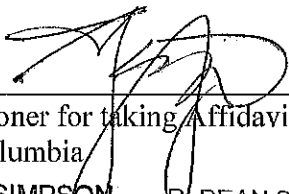
meeting. These Notes were circulated in draft form to the PPPABC representatives, and incorporate the comments provided by Mr. Kilmury on behalf of the PPPABC. Attached as Exhibit "C" to my Affidavit is a copy of Mr. Kilmury's email (without the attachment) concerning the changes in the draft Notes.

6. Following this meeting, I prepared a submission to the CFC requesting an allocation of 3.5% over base for each of these periods. We recognized that this would be taken as a starting position by the CFC, but we did reduce the number from the 5.0% originally contemplated after discussions with the processors' representatives. Exhibit "D" to my Affidavit is a copy of the submission, which received wide circulation, including to the PPPABC.

7. The allocation decisions made by the CFC are summarized in the tables attached to this Affidavit as Exhibit "E". I note that the increase over base for British Columbia in A-139 is 1.5%, which is the number we had been advised the B.C. processors had given to the CPEPC as their recommended number. The other numbers are in line with the expectations of the Chicken Board. I do not agree that they demonstrate that the application of the new formula has a "negative effect" on British Columbia.

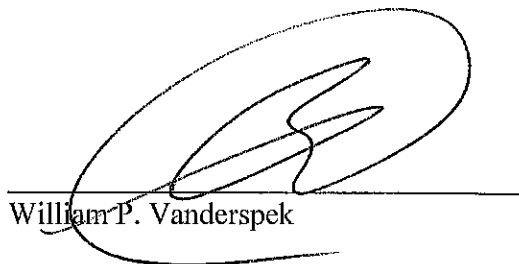
8. The actual volume of chicken available through this process depends on a number of factors, as previously indicated. For example, one factor that accounts for 10% of the formula is quota utilization. Attached as Exhibit "F" to my Affidavit is a copy of the quota utilization table for the last ten periods. As the table indicates, British Columbia has had a number of periods when the available allocation has not be taken up for a variety of reasons, including chick quality and livability.

**AFFIRMED BEFORE ME** at  
Abbotsford in the Province of British  
Columbia, this 24 day of June 2016

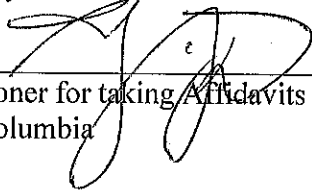


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A Commissioner for taking Affidavits  
in British Columbia

**R. DEAN SIMPSON**      **R. DEAN SIMPSON**  
A Notary Public in and for the      NOTARY PUBLIC  
Province of British Columbia #112-1975 McCallum Road  
Abbotsford, BC V2S 3N3

  
\_\_\_\_\_  
William P. Vanderspek

This is Exhibit "A" to the Affidavit of  
William P. Vanderspek affirmed before me at  
Abbotsford, BC  
this 24 day of June, 2016.

  
\_\_\_\_\_  
A Commissioner for taking Affidavits  
for British Columbia

**R. DEAN SIMPSON**  
A Notary Public in and for the  
Province of British Columbia

**MINUTES: Pricing and Production Advisory Committee (PPAC) – May 24, 2016 -- 9:30 a.m. Conference call.**

**PRESENT:** R. Bathe, R. Bredenhof, B. Shier, Mark Driediger, F. Redekop, D. Krahn, J. Neels, and J. McDowell, M. Bartel, K. Huttema, B. Vanderspek, C. Rickson, and K. Landon.

**ABSENT:** P. McCartan S. Cummings, R. Bayliss, E. Silveri.

**GUESTS:** Cheryl Davie.

**1. Call to Order:**

K. Landon called the meeting to order at 10:00 am. A roll call was taken to identify all participants on the call.

**2. A-139 and A-140 Allocation:**

The PPPABC triggered the conference call for the PPAC to discuss the A-139 and A-140 allocation request which will go to CFC later today. The BCCMB has recommended base plus 5% for both periods.

The processors provided the following information and concerns:

- TRQ is 1.6 M kg behind pro-rata currently. If the trend continues, the imports in A-139 and A-140 will be 9.7 M kg to stay on average for the year. Not a lot of TRQ comes into BC, but the number being set is a national number.
- Processors indicated that the wholesale market will start to decline in September, and processors are worried about flooding the market with chicken when the demand is not there.
- Processors commented that their major macro arguments still exist, they see things on the horizon with respect to price, storage stocks, TRQ.
- Processors noted that the leg market continues to decline, which is an issue for processors that sell MD into the international market. Processors noted that leg quarters are coming into BC from Central Canada.
- Processors noted that beef is being featured successfully at the retail level, which will put pressure on chicken features.
- Processors ask that the A-140 allocation request should be less than the number for A-139, and that they be below 5% for the Western Region.

Growers asked if decreasing processor margins were part of the processors concerns.

Pricing and Production Advisory Committee (PPAC) – May 24, 2016 cont'd.

C. Davie commented on market factors she follows in the marketplace. She provided Neilson data, EMI trends which are showing increases. C. Davie noted that CPEPC has not provided numbers yet and will not do so until Wednesday. J. McDowell commented that Western Processors have submitted to CPEPC a number of 1.5% above base for the Western Region. BC processors recommend a number lower than 5% from BC going to CFC for these two periods A-139 and A-140.

Growers asked the ED to clarify the purpose of this conference call respecting setting allocation -- is it a BC number or a national number that the Board is setting? The ED noted that 5% was chosen as there was no information available to the Board and that is why they set the maximum, to generate discussion amongst the PPAC.

Growers asked what other provinces are doing, they don't want to take less if that provides further opportunity for other provinces at BC's expense. The ED noted that numbers can only go down, not up at CFC during the allocation process. He suggested "wobble room" is required to provide discretion for the CFC Director to negotiate. The ED noted that there will be a Western Board's conference call today at noon to discuss what each western province will submit to CFC.

J. McDowell noted that Alberta Processors has had discussions with ACP, providing input prior to the Board finalizing a motion. ACP is requesting 3.5% over base nationally (which is 4.89% to Alberta provincially). It was noted that 3.5% nationally would give BC 2.8% provincially (The ED noted that if BC would go in at 5% nationally, this would result in BC receiving approximately 4.2%).

C. Davie noted that CFO has not yet decided on a number, just that it will be less than 5% but more than 4%. The ED noted that he will be discussing allocation with CFO later today.

The ED noted that the information provided by the PPAC was useful, and would be forwarded to the Board prior to their discussions with the West and before the Board meets tomorrow to finalize a number and rationale to CFC.

J. McDowell asked for an explanation of the forms provided by BCCMB staff to the PPAC. The ED explained the worksheet, noting that it does not represent actual numbers provided by BC Processors as they have not provided information for several years. Growers commented that they found the sheet useful. The ED promised to update the worksheet.

Growers asked that moving forward, a written rationale and recommendation be provided in advance to the conference call to the PPAC from the person who triggered the call. The members of the PPAC concurred.

The ED noted that C. Davie will provide the slide deck provided today by CFC to the PPAC for their information.

**Pricing and Production Advisory Committee (PPAC) – May 24, 2016 cont'd.**

The ED will circulate the finalized request from BC going to CFC to the PPAC going forward.

The Chair summarized the meeting, noting that there is no consensus at the PPAC on the actual numbers to be recommended for allocation for A-139 or A-140. She recognized the Processors concerns on: TRQ, retail features, wholesale market, leg quarters with respect to impact on MD, and other provinces' allocation numbers.

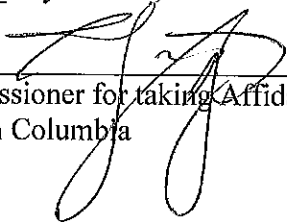
The ED thanked the processors for providing information, as the input is valuable to the Board and will assist in their decision.

**3. Adjournment:**

The meeting adjourned at 10:35 a.m.

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This is Exhibit "B" to the Affidavit of  
William P. Vanderspek affirmed before me at  
Abbotsford, BC  
this 24 day of June, 2016.

  
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A Commissioner for taking Affidavits  
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**R. DEAN SIMPSON**  
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## NOTES JOINT BCCMB/PPPABC MEETING May 25, 2016

Present from the BCCMB: R. Smith, DA Janzen, A. Johnston, G. Gauthier, R. Nickel, C. Rickson and B. Vanderspek.

Present from the PPPABC: J. McDowell, S. Cummings, R. Kilmury, B. Shier, Kerry Towle, K. Huttema.

The Board met with the Primary Poultry Processors Association of BC for the 2<sup>nd</sup> quarterly meeting at 9:30 a.m.

The agenda topics were:

- o Pricing
- o BCCMB Strategic Planning
- o Density Changes
- o General Orders Review
- o Administrative Penalties
- o Review of BC allocation process

The agenda was approved with the following additions: chick quality and quota utilization, RWA update. The January 5, 2016 notes of the meeting were to be reviewed again by the Processors as they feel they do not reflect their comments accurately. R. Kilmury will provide further comments through track changes.

### 1. Pricing

The Chair directed the group to the BCCMB letter of May 18, 2016 to FIRB which was a response to a FIRB letter of March 18<sup>th</sup>.

The Chair commented a pricing review arises from the Ontario COPF, the updated Serecon COP, grower concerns and processors concerns respecting Ontario product moving into BC. He noted the BCCGA have provided extensive documentation to the Board. He commented his expectation for a submission from processors at some point in the process. He noted the Board's attempts to delve into the factors incorporated in the COPF to gain further understanding on how to prepare something comparable for BC.

Processors commented that some items contained in the COPF are purely negotiated numbers. Processors commented that the Serecon COP is merely an update to factors in the existing model which has remained the same for 2 decades; and is not a new COP. Processors are concerned that there is a preconceived notion that grower returns in BC are "out of whack". Processors asked what has changed for the Board to reopen a pricing model that has served the industry well for the past 6 years. They want to know what the processors have done to warrant reopening the price formula. Processors are satisfied with the current formula and how it is working for industry and see no need to any changes. Processors ask why the fact that



BC's returns are lower than for other provinces were identified as a rationale for pricing model change. Grower returns in other provinces should have no bearing on BC's competitive live price rationale. Processors want to know why the Board is contemplating a change. The Chair reiterated that there are no preconceived outcomes on the issue of pricing and we are not contemplating change unless the review and industry consultation supports it, but that after 6 years it makes sense to review the formula. The processors asked how recent increasing quota values support the notion that the efficient grower margins are not adequate.

The Board stated its job is to ensure a reasonable return to growers and to ensure that processors remain competitive in the domestic market. If they are reasonable, and still the lowest in Canada, so be it. The Board noted that any changes to the existing model would require approval by FIRB and consultation with the PPAC. The Chair commented that it is good governance to review the existing model. The Board is not trying to raise or lower the price, but review the formula. The Chair noted that a letter would be sent outlining the process and the type of information the Board is looking for. The processors wanted to know the process in advance, they did not want another time sensitive process such as the last pricing supervisory review. The processors asked if the Board had an end date, noting that there is not much time over the summer to complete the task prior to the end of the current multi period pricing agreement. The Board noted it wanted to do the right thing, not aimed at one side or the other as it is an industry board which is different from the rest of the western provinces. Processors want to know what the fundamental problem is that the Board is trying to address. What caused the problem? There are other discussions that could be undertaken -i.e. CFO annual adjustments (to mitigate). Industry competitiveness and production economics, including inter provincial price competition, retail activities and discrete supply problems which impact not just growers but processors and further processors as well are all issues for consideration. This requires a comprehensive strategy which incorporates more than just producer margins. The Chair commented that it will be part of the strategic planning.

Processors stated this is an issue of how BC's competitive position and long term viability and what is an efficient strategy going forward that will sustain growers and processors. Processors are talking about filling western shelves with western product. Over the last two years, BC processors have lost substantial retail market share to central Canadian processors who have realized on their raw material supply advantages and now, increasingly on new and emerging cost price advantages.

The Board brought up the topic of feed, which is another avenue to be looked at, and why the price is so different between western provinces. Another topic is chick quality, which also impacts the discussion. There are disease issues, which cause provincial underutilization of national allocation thus leaving unused allocation which is lost to BC grower and processors. What do we need to do here to bring profitability back to the system? Processors ask as in regards to profitability, where is it documented that there is currently no profitability for efficient BC growers. It was noted that the impact of the 66,000 kg/cycle of discrete supply to ON vs 1M kg of under-utilization is telling. The ED noted that comparing COP's between BC and ON, BC is at a disadvantage of approximately 15 cents per kilogram. BC is the only province tied

to ON price, as all other provinces have the ability to negotiate. As the ON price comprises 80% of the weighting in the formula decreases in the Ontario price have a large impact on BC growers' returns.

The processors observed that ON made a strategic and negotiated windfall by achieving (1) discrete supply (2) decreasing their own live price cost (3) inspiring other provinces to correspondingly increase their live cost prices. The consequences of these collective actions has served to significantly improve Ontario's competitive abilities and is compromising to both growers and processors in the west. Part of the BCCMB process needs to address grower production efficiencies not just grower margins, for BC to stay competitive in the national market place. The parties were in agreement that BC needs an industry strategy to counter Ontario's.

The Chair commented that a letter will be circulated from the Board to industry with a timeline for consultation and defining the process. Processors added that any pricing discussions need to bring into context BC strategy on production in the national marketplace not just the West.

**Action Item:** The Board will provide a letter to industry defining process for the review of the current pricing methodology. The letter will include a rationale on why the review is required and a timeline for consultation.

## 2. BCCMB Strategic Planning

The Chair explained the Board has already conducted one session with a facilitator to develop a new BCCMB strategic plan. He noted that the Board will consult with BC processors as the plan is developed, to ensure it encompasses issues raised by the processors.

Processors suggested a macro level survey by a 3<sup>rd</sup> party as well as individual meetings with processors be undertaken. The Chair commented that a similar strategy has been contemplated by the Board.

Processors asked what the Board's timelines are. The Chair commented that only a 1.5 day session has been completed with the facilitator. Another session is planned after which the Board will be communicating with processors and growers. An estimated time for completion is the end of September, but the Board wants to do it right not fast, so it will take as much time as it takes. The plan is to encompass the entire industry.

Processors indicated a wish to provide both individual and a group input to the consultation process. The processors asked the Board about their current strategic plan and how the Board feels they have executed on the established objectives. A Board member commented that the Board was successful in executing against internal objectives but has not executed well against external objectives.

**Action Item:** The Board will contact processors after the 2<sup>nd</sup> Strategic Planning session is completed (scheduled for June 6, 2016) with respect to a proposed consultation process.

### 3. Density Changes

The Board has implemented a change to the maximum density from 32.5 kg/meter squared to 35.5 kg/meter squared for quota period A-139 (Canada's maximum is 38 kg/meter squared). To date approximately 100 growers have applied (1/3 of the BC grower population). After 6 cycles, PPAC will revisit the issue with a view to moving to the Canada maximum allowable of 38 kg/meter squared. The Board asked that the processors inform their processing plant employees with a view to informing the Board if there are issues on specific farms respecting quality. The Board needs feedback on breast blisters, footpad issues, weight to age going down etc. There are no national quality standards in place.

Processors expect most of the growers who have applied should be able to accomplish this easily. Processors want to know how the under-achievers will be dealt with and how the Board will assist. Processors do not want to be placed in the situation where they must confront growers who are unable to meet the quality standards required. The responsibility of ensuring that growers are qualified and meet production quality standards is a responsibility of the Board. It was noted that the ACP program and re-certification audit deals with the issue for growers that cannot achieve consistent results at the higher density, returning them to the lower density level of 31 kg/meter squared. Any complaints from any source will be followed up immediately by BCCMB auditor/inspection staff.

### 4. General Orders Review

This is the year the General Orders will be reviewed. The SOP is for full review every 5 years for housekeeping purposes with new complete books being circulated to industry. The Board continues to amend the General Orders as required and send out separate pages to industry between times. The Board has set aside June 29, 2016 to review the Orders. Processors are encouraged to provide any input in writing to staff. Processors asked if there are any Orders that interfere with efficiency.

**Action Item:** That processors review the current General Orders and provide written input and rationale to the Board respecting proposed changes to the Orders.

### 5. Administrative Penalties

The Ministry of Agriculture amended the Natural Products Marketing (BC) Act to include a section respecting making biosecurity programs mandatory, and administrative penalties for failure to comply, but has not yet enacted this new section. The maximum penalty is \$10,000 payable to the provincial government, while enforcement will be done by the commodity Boards. BCFIRB commenced consultation with commodity Boards in January 2016 to establish a framework to outline the guidelines and expectations for development of policies and procedures for administering administrative penalties.

The NPMA broadly defines biosecurity program to *encompass programs such as food safety, disease management, animal welfare and traceability*. Under this definition, this could cover biosecurity, ACP and OFFSAP.

FIRB wants to ensure the Commodity Boards have in place a transparent, fair plan for enforcement of mandatory biosecurity programs ensuring procedural fairness, with the view to achieving and maintaining 100% compliance. Until this new section of the NPMA is enacted, this suite of tools for commodity Boards did not include the ability to impose a financial penalty without going to court.

It is hoped by government that the industry can create and implement their individual policies and procedures in a more or less consistent manner. There may be some possibility for the 4 feather boards to work jointly as the BC biosecurity program is the same for all of them. The level of penalty may be different for each infraction for each commodity, but the intent is to compliment a board's existing enforcement authority to suspend or cancel grower licences. It offers a practical and influential means to promote compliance, builds grower awareness of good bio-security practices and reduces risks to industry.

It then becomes the responsibility of each commodity Board to determine whether or not (and provide a written rationale and SAFETI regardless) to incorporate this new tool into the Board's tool box. The Board must also determine which mandatory biosecurity programs (national and provincial) it wishes to apply this tool to and how it will be applied. If a Board decides not to utilize administrative penalties for mandatory biosecurity programs, the Board should be prepared to provide sound justification for that decision.

The Board will be discussing this matter later at today's board meeting. It has made no determination at this time.

#### 6. Review of BC allocation process

Processors asked for a review of the process for establishment of the BC allocation process. It was noted that this was discussed at the PPAC yesterday. The processors commented they found the flowcharts provided in advance helpful. It was suggested that the Board have a conference call with the processors ahead of time to determine the allocation recommendation to go forward to PPAC.

It was agreed by all parties that the first trial for consultation would be generated by an email from the ED generating written individual processors responses (a number plus rationale) followed by a conference call with the CFC Director and Alternate. The information arising from this conference call would be put into the PPAC rationale and circulated to the PPAC. Then any PPAC member could trigger the conference call for discussion prior to the Board sending the allocation number and rationale being sent to CFC.

**Action Item:** ED will contact processors by email requesting individual processors requests and rationale. This will be followed up by a conference call between staff, processors and BCCMB CFC Director and Alternate. The discussion will facilitate the allocation number and rationale to go to the PPAC for comment as per usual SOP.

### 7. Chick quality & Quota utilization

The group discussed chick quality issues and diseases like Inclusion Body Hepatitis (IBH). The ED noted that BC is experiencing underutilization of its quota on a regular basis now. The Board noted the need for a strategy to attempt to mitigate this loss.

Processors noted that part of the problem is RWA and organic program (historically) as well as IBH (new issue). Processors noted that RWA/organic has been dealt with internally by increasing the under tolerance sleeve to 10%, but it is not showing up in the national numbers. Processors noted improvement in RWA results.

It was noted that breeders are all now being vaccinated for IBH, but it takes time for immunity and eradication of the disease to go through the system. Processors were asked if industry discussions have commenced, it was noted that they are individual camps at this time. It was suggested that it should be tackled on an industry platform. Processors indicated they will meet and discuss the issue first then determine how to proceed. They want to have discussions with the breeder companies as well first. They will bring this issue back to the table at a future date (before the end of June).

Sofina indicated that they have made their vaccine program available to all hatcheries in western Canada as they do not consider flock health as a competitive issue.

**Action Item:** Processors to meet separately, then with hatcheries/breeders and bring back the issue to the table before the end of June 2016.

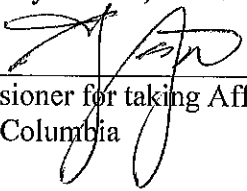
### 8. RWA

It was reported that mortality is trending in the right direction. One intervention required treatment of the flock. Processors indicated this a growing market, and US articles indicate this may be the standard in the near future, noting Canadian and US standards are still different. There are some anecdotal US reports that 50% of their production is now RWA according to their standards. Regardless of the current levels, RWA product requirements from fast food and retailing companies continues to increase significantly.

### 9. Next Meeting:

The 3<sup>rd</sup> Quarterly meeting will be set for Friday September 9, 2016 at 9:30 a.m.

This is Exhibit "C" to the Affidavit of  
William P. Vanderspek affirmed before me at  
Abbotsford, BC  
this 24 day of June, 2016.

  
A Commissioner for taking Affidavits  
for British Columbia

**R. DEAN SIMPSON**  
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Christine Rickson

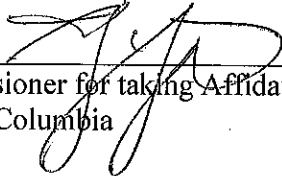
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**From:** Ron Kilmury <rkilmury@shaw.ca>  
**Sent:** Friday, June 3, 2016 12:47 PM  
**To:** Christine Rickson  
**Cc:** Blair Shier; Jeff McDowell; Kerry Towle; Ken Huttema; Scott Cummings  
**Subject:** tracked changes to meeting notes May 25  
**Attachments:** tracked NOTES FROM MEETING with PPPABC 2016-05-25.docx

Christine, attached please find our tracked changes to May 25 meeting notes. Please contact me if there are any questions.

As well, processors discussed and have decided that the last version of notes for Jan 5 meeting are adequate. Processors do note that the discussion at the May 25 meeting re notes and meeting records served a good purpose going forward.

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William P. Vanderspek affirmed before me at  
Abbotsford, BC  
this 24 day of June, 2016.

  
A Commissioner for taking Affidavits  
for British Columbia

**R. DEAN SIMPSON**  
A Notary Public in and for the  
Province of British Columbia





Attention: Jan Rus, Chicken Farmers of Canada.

May 25, 2016

RE: Period A139 and A140 Allocation Recommendation

The British Columbia Chicken Marketing Board, following the required consultation process with its Price and Production Advisory Committee (PPAC) is requesting an allocation as follows:

A139 (September 4 – October 29, 2016)	Kilograms Evis. Weight
NEW FORMULA ADJUSTED BASE	23,450,000
3.5 % Over Base	820,750
TOTAL DOMESTIC MAINSTREAM RECOMMENDATION	24,270,750
Market Development	1,658,049
Specialty	733,360
<b>TOTAL REQUEST</b>	<b>26,682,159</b>

A140 (October 30 – December 24, 2016)	Kilograms Evis. Weight
NEW FORMULA ADJUSTED BASE	23,350,000
3.5 % Over Base	817,250
TOTAL DOMESTIC MAINSTREAM RECOMMENDATION	24,167,250
Market Development	1,682,745
Specialty	716,202
<b>TOTAL REQUEST</b>	<b>26,566,197</b>

#### MARKET DEVELOPMENT AND SPECIALTY GROWTH

- The market development allocations for are the aggregate number as submitted by five of our processors and includes both mainstream and specialty chicken for export. Our MD request is equivalent to 6.8 % of our domestic request for A139 and 7.0 % for A140.
- The specialty allocation are the aggregate numbers as submitted by four of our specialty processors of Silkie and Taiwanese chicken.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

101-32450 Simon Avenue, Abbotsford, BC V2T 4J2 Phone: 604-859-2868 Fax: 604-859-2811 www.bcchicken.ca

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#### BASE RECOMMENDATIONS FROM SUPPLY CHAIN STAKEHOLDERS

- The national base allocation is 2.1 % more last year's domestic production for A-139 and 0.1% above for A-140.
- 3.5% over base for Canada yields 2.8 % over base for BC in A-139 and in A-140.
- FPPAC has recommended allocation be set at 1% below the adjusted base for A-139 and A-140 stating that :
  - Retailers are featuring chicken less often because pork and beef markets have rebounded with increased supplies and lower prices.
  - Further processors have adequate access to domestic product.
  - Storage stocks have increased and leg and wing prices have decreased significantly.
  - There will be more meat protein available during the Fall of 2016 than in 2015.
- Canadian Poultry and Egg Processors Council is expected have recommended +0.5%, but western processors are recommending 1.5% for both periods, stating:
  - There are excess supplies of chicken in the market, putting downward pressure on dark meat prices.
  - Production of competing meats such as beef and pork are higher with lower prices than last year.
- Restaurants Canada recommends -0.71 % for A-139 and +1.68 % for A-140, considering new store openings, new chicken menu offerings and increase guest counts. Their bearish arguments include:
  - Storage stocks are above CFC healthy range and expected to increase more.
  - Chicken demand is growing at a slower rate.

#### OTHER MARKET CONSIDERATIONS

- Strong employment is driving economic growth in BC, which had not only the lowest unemployment rate in Canada at 5.8%<sup>i</sup> in April, but also the greatest growth in the residential housing market, with residential sales increasing 30.3% compared to April 2015<sup>ii</sup>.
- Period A-139 includes Labour Day and Thanksgiving and Period A140 includes Remembrance Day, but adjustments for these are already included in the base calculations.
- The low Canadian dollar supports growth in demand for chicken in BC both in retail and food service outlets because it reduces the practice of British Columbians shopping for chicken at US border towns and it increases overseas tourists coming to BC and eating out.
- According to Nielsen Market Track data, retail sales volumes of fresh chicken in BC has grown 13% year to date, compared to average 4 % growth for the rest of Canada.

BRITISH COLUMBIA CHICKEN MARKETING BOARD 2

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BC is also growing at a much higher rate as the rest of Canada in terms of dollar sales as indicated in the table below.

% Change Last 52 weeks ending April 2, 2016 vs. 2015	Canada	BC
Sales Dollars (CDN \$)	6.6%	16.9%
Volume (KG)	3.8%	13.0%
Source: Nielsen Fresh Market Track		

- Tourism indicators show the number of international overnight visitors to BC increasing in the 9-17% range.
  - Destination BC reported 1.3 million overnight overseas visitors to BC from September – December 2015, (approximately the same time period of A139 and A140), representing a 9% growth over the same period in 2014.
  - During the first three months of 2016, international overseas visitors to BC are already up 17%<sup>iii</sup> compared to 2015.

The BCCMB is recommending a number of **3.5% above base** for both periods. We wish to protect our traditional share of the national market and to give our processors the opportunity to adequately supply BC consumers with BC grown chicken products.

As in past allocations, BC will participate in the process at the CFC table in order to arrive at a level of production that will benefit the entire Canadian chicken industry.

Thank you for your attention to this matter.

*Bill Vanderspek*

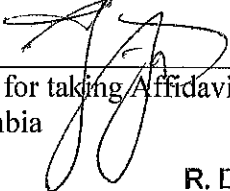
Bill Vanderspek  
 Executive Director, BC Chicken Marketing Board  
 British Columbia Chicken Marketing Board  
 B:\Administration\CFC\A-139 and A-140 allocation to CFC.docx

<sup>i</sup> Government of British Columbia. 2016. Labour Market Statistics  
<http://www.bcstats.gov.bc.ca/StatisticsBySubject/LabourIncome/EmploymentUnemployment.aspx>

<sup>ii</sup> British Columbia Real Estate Association. 2016. BC Home Sales Continue to Smash Record Book.  
<http://www.bcrea.bc.ca/docs/news-2016/2016-04.pdf>

<sup>iii</sup> Destination BC. 2016. Industry Performance. Tourism Indicators  
<http://www.destinationbc.ca/Research/Industry-Performance.aspx>  
<http://www.castanet.net/news/BC/166308/Spike-in-BC-tourism>

This is Exhibit "E" to the Affidavit of  
William P. Vanderspek affirmed before me at  
Abbotsford, BC  
this 24 day of June, 2016.

  
\_\_\_\_\_  
A Commissioner for taking Affidavits  
for British Columbia

**R. DEAN SIMPSON**  
A Notary Public in and for the  
Province of British Columbia



Period A-139 Allocations (September 4, 2016 - October 29, 2016)

Allocations pour la période A-139 (4 septembre 2016 - 29 octobre 2016)

**Eviscerated weight / Poids éviscéré**

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
B.C./C.-B.	23,796,768	1,658,049	753,360	26,208,177
Alta/Alb.	16,259,785	128,695	132,372	16,520,852
Sask.	6,008,363	757,050	0	6,765,413
Man.	7,017,532	399,656	0	7,417,188
Ont.	56,187,720	796,704	569,153	57,553,577
Que/Qué.	44,654,692	2,916,507	0	47,571,199
N.B./N.-B.	4,617,600	0	0	4,617,600
N.S./N.-É	5,788,955	0	0	5,788,955
P.E.I./I.-P.-É.	626,155	0	0	626,155
Nfld./T.-N.	2,327,007	0	0	2,327,007
<b>CANADA</b>	<b>167,284,577</b>	<b>6,656,661</b>	<b>1,454,885</b>	<b>175,396,123</b>

**Live weight / Poids vivant**

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
B.C./C.-B.	32,380,961	2,256,156	1,025,119	35,662,236
Alta/Alb.	22,110,124	175,000	180,000	22,465,124
Sask.	8,174,644	1,030,000	0	9,204,644
Man.	9,547,663	543,750	0	10,091,413
Ont.	75,990,966	1,077,500	769,750	77,838,216
Que/Qué.	60,614,486	3,958,877	0	64,573,363
N.B./N.-B.	6,282,449	0	0	6,282,449
N.S./N.-É	7,876,129	0	0	7,876,129
P.E.I./I.-P.-É.	851,912	0	0	851,912
Nfld./T.-N.	3,165,996	0	0	3,165,996
<b>CANADA</b>	<b>226,995,330</b>	<b>9,041,283</b>	<b>1,974,869</b>	<b>238,011,482</b>

June 1, 2016 / 1 juin 2016

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As per the meeting held on June 1, 2016, please find below the market requirements agreed to by CFC Directors:  
 Lors de la réunion du 1 juin 2016, les administrateurs des PPC ont convenu des besoins du marché ci-dessous:

September 4, 2016 - October 29, 2016 / 4 septembre 2016 - 29 octobre 2016

	Domestic Allocation and Production		Market Development Allocation and Production à l'expansion du marché	Specialty Allocation and Production de spécialité		TOTAL Allocation and Production TOTAL(E)			
	A-139	2015		A-139	2015	A-139	2015	change	
B.C./C.-B.	23,796,769	21,831,173	1,658,049	1,189,664	759,360	705,117	26,208,177	23,705,954	10.6%
Alta./Alb.	16,259,785	15,710,300	123,895	73,530	132,872	54,337	16,520,852	15,838,167	4.3%
Sask./Sask.	6,008,363	5,828,065	767,050	781,213	0	0	6,765,413	6,609,278	2.4%
Man./Man.	7,017,532	6,768,711	399,656	260,190	0	0	7,417,188	7,028,901	5.5%
West/Ouest	53,082,448	50,138,249	2,943,450	2,284,597	865,732	759,454	57,553,577	53,182,300	7.0%
Ont./Ont.	56,187,720	53,668,129	796,704	703,190	569,153	372,939	47,571,199	54,744,258	5.1%
Que./Qué.	44,654,692	43,258,820	2,916,507	2,692,319	0	0	105,124,776	100,695,397	4.4%
Central/Centre	100,842,412	96,926,949	3,713,211	3,395,509	569,153	372,939	4,617,600	4,687,770	-1.5%
N.B./N.-B.	4,617,600	4,687,770	0	0	0	0	5,788,955	6,020,786	-3.9%
N.S./N.-É.	5,788,955	6,020,786	0	0	0	0	626,155	580,736	11.7%
P.E.I./P.-É.	626,155	560,736	0	0	0	0	2,327,007	2,246,040	3.6%
N.L.T./N.-L.	2,327,007	2,246,040	0	0	0	0	13,359,717	13,515,332	-1.2%
Atlantic/Atl.	13,359,717	13,515,332	0	0	0	0	175,396,123	167,393,029	4.8%
CANADA	167,284,577	160,580,530	6,656,661	5,680,106	1,454,885	1,132,393			

	Base Allocation de base	%
B.C./C.-B.	23,450,000	1.5%
Alta./Alb.	15,817,399	2.9%
Sask./Sask.	5,918,319	1.5%
Man./Man.	6,917,868	1.4%
West/Ouest	52,103,586	1.9%
Ont./Ont.	54,790,860	2.5%
Que./Qué.	43,920,396	1.7%
Central/Centre	98,711,258	2.2%
N.B./N.-B.	4,564,688	1.2%
N.S./N.-É.	5,711,269	1.4%
P.E.I./P.-É.	618,392	1.3%
Nfld./T.-N.	2,295,293	1.4%
Atlantic/Atl.	13,189,642	1.3%
CANADA	164,004,486	2.0%

Recommendations vs base Recommendations vs la base	
Provinces	2.0%
CPE/PCCTOV	2.0%
FPPAC/ACSV	2.0%
Restaurants Canada	2.0%

June 1, 2016 / 1 juin 2016

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<b>Supply and Demand Estimates for Period A-139 (Mkg)</b>						
<b>Estimations de l'offre et de la demande pour la période A-139 (M de kg)</b>						
	2016 Projection / Estimation pour 2016				2015	2014
	Provinces (As submitted / Comme présenté)	RC	FPPAC / ACSV	CPEPC / CCTOV	Actual Réal	Actual Réal
<b>Supply / Offre</b>						
Domestic Allocation / Allocation domestique	167.3	167.3	167.3	167.3	160.6	157.9
Dom. Alloc./Base Allocation Alloc. Dom./Alloc. de base	2.0%	2.0%	2.0%	2.0%		
Mrkt Dvlpmnt Allocation / Allocation à l'exp du marché	6.7		6.0		5.7	7.1
Specialty Allocation / Allocation de spécialité	1.5		1.2		1.1	
Total Production / Production totale	175.4		174.5		167.4	165.0
Imports / Importations	14.0		14.5		11.3	13.8
Reduction of inventory / Reduction de l' invent.						
<b>Total Supply / Offre totale</b>	<b>189.4</b>		<b>189.0</b>		<b>178.7</b>	<b>178.9</b>
<b>Demand / Demande</b>						
Exports / Exportations	8.2		7.5		7.2	8.6
Addition to inventory / Ajout à l'inventaire					2.3	0.7
Domestic Consumption / Consom. Domestique	181.2		181.5		169.2	169.5

June 1, 2016 / 1 juin 2016

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Period A-140 Allocations (October 30, 2016 - December 24, 2016)  
Allocations pour la période A-140 (30 octobre 2016 - 24 décembre 2016)

**Eviscerated weight / Poids éviscéré**

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
B.C./C.-B.	23,899,948	1,682,745	716,202	26,298,895
Alta/Alb.	16,678,143	441,240	132,372	17,251,755
Sask.	5,985,634	757,050	0	6,742,684
Man.	6,903,746	399,656	0	7,303,402
Ont.	56,551,108	685,794	567,748	57,804,650
Que/Qué.	44,729,132	3,204,648	0	47,933,780
N.B./N.-B.	4,616,348	0	0	4,616,348
N.S./N.-É	5,793,003	0	0	5,793,003
P.E.I./I.-P.-É.	630,820	0	0	630,820
Nfld./T.-N.	2,314,217	0	0	2,314,217
<b>CANADA</b>	<b>168,102,099</b>	<b>7,171,133</b>	<b>1,416,322</b>	<b>176,689,554</b>

**Live weight / Poids vivant**

	Domestic Allocation	Market Development Allocation	Specialty Allocation	Total Allocation
	Allocation domestique	Allocation à l'expansion du marché	Allocation de spécialité	Allocation totale
B.C./C.-B.	32,521,361	2,289,761	974,557	35,785,679
Alta/Alb.	22,679,009	600,000	180,000	23,459,009
Sask.	8,143,720	1,030,000	0	9,173,720
Man.	9,392,852	543,750	0	9,936,602
Ont.	76,482,429	927,500	767,850	78,177,779
Que/Qué.	60,715,531	4,350,000	0	65,065,531
N.B./N.-B.	6,280,746	0	0	6,280,746
N.S./N.-É	7,881,637	0	0	7,881,637
P.E.I./I.-P.-É.	858,259	0	0	858,259
Nfld./T.-N.	3,148,595	0	0	3,148,595
<b>CANADA</b>	<b>228,104,139</b>	<b>9,741,011</b>	<b>1,922,407</b>	<b>239,767,557</b>

June 1, 2016 / 1 juin 2016

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As per the meeting held on June 1, 2016, please find below the market requirements agreed to by CFC Directors:  
 Lors de la réunion du 1 juin 2016, les administrateurs des PPC ont convenu des besoins du marché ci-dessous:

**Period / Période A-140**

	Domestic Allocation and/et Production domestique		Market Development Allocation and/et Production à l'expansion du marché		Specialty Allocation and/et Production de spécialité		TOTAL Allocation and/et Production TOTAL(E)	
	A-140	2015 change	A-140	2015	A-140	2015	A-140	2015 change
B.C./C.-B.	23,899,948	22,608,725 5.7%	1,682,745	1,185,533	716,202	619,871	26,298,895	24,412,229 7.7%
Alta./Alb.	16,678,143	15,955,079 4.5%	441,240	110,295	132,372	41,442	17,251,755	16,106,816 7.1%
Sask./Sask.	5,986,634	5,786,789 3.4%	757,050	762,100	0	0	6,742,684	6,546,889 3.0%
Man./Man.	6,903,746	6,632,062 4.1%	399,686	273,329	0	0	7,303,402	6,905,391 5.8%
West/Ouest	53,467,471	50,980,655 4.9%	3,280,681	2,331,257	848,574	651,413	57,596,736	53,973,325 6.7%
Ont./Ont.	55,551,108	54,941,502 2.9%	665,794	756,705	567,748	449,686	57,804,650	56,149,893 2.9%
Que./Qué.	44,729,132	44,453,169 0.6%	3,204,648	2,522,189	0	0	47,933,780	46,975,358 2.0%
Central/Centre	101,280,240	99,394,671 1.9%	3,890,442	3,280,894	567,748	449,686	105,738,430	103,125,251 2.5%
N.B./N.-B.	4,616,348	4,241,841 8.8%	0	0	0	0	4,616,348	4,241,841 8.8%
N.S./N.-É.	5,793,003	5,676,212 2.1%	0	0	0	0	5,793,003	5,676,212 2.1%
P.E.I./P.-É.	630,820	614,176 2.7%	0	0	0	0	630,820	614,176 2.7%
N.L./T.-N.-L.	2,314,217	2,141,097 8.1%	0	0	0	0	2,314,217	2,141,097 8.1%
Atlantic/Atl.	13,354,388	12,673,326 5.4%	0	0	0	0	13,354,388	12,673,326 5.4%
<b>CANADA</b>	<b>168,102,099</b>	<b>163,048,652 3.1%</b>	<b>7,171,133</b>	<b>5,612,151</b>	<b>1,416,322</b>	<b>1,111,099</b>	<b>176,689,554</b>	<b>169,771,902 4.1%</b>

	Base Allocation de base	%
B.C./C.-B.	23,350,000	2.4%
Alta./Alb.	16,011,278	4.2%
Sask./Sask.	5,844,617	2.4%
Man./Man.	6,748,807	2.3%
West/Ouest	51,954,702	2.9%
Ont./Ont.	54,563,229	3.6%
Que./Qué.	43,603,421	2.6%
Central/Centre	98,166,650	3.2%
N.B./N.-B.	4,531,743	1.9%
N.S./N.-É.	5,670,051	2.2%
P.E.I./P.-É.	618,391	2.0%
Nfld./T.-N.	2,264,385	2.2%
Atlantic/Atl.	13,084,670	2.1%
<b>CANADA</b>	<b>163,205,922</b>	<b>3.0%</b>

Recommendations vs base Recommandations vs la base	
Provinces	3.0%
CPEPC/CCTOV	0.5%
FPPAC/ACSV	-1.0%
Restaurants Canada	3.0%

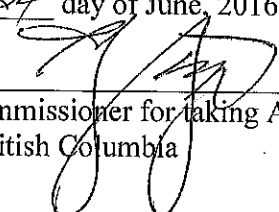
18

Supply and Demand Estimates for Period A-140 (Mkg)						
Estimations de l'offre et de la demande pour la période A-140 (M de kg)						
	2016 Projection / Estimation pour 2016				2015	2014
	Provinces (As submitted / Comme présenté)	RC	FPPAC / ACSV	CPEPC / CCTOV	Actual Réal	Actual Réal
<b>Supply / Offre</b>						
Domestic Allocation / Allocation domestique	168.1	168.1	161.6	164.0	163.0	157.3
Dom. Alloc./Base Allocation Alloc. Dom./Alloc. de base	3.0%	3.0%	-1.0%	0.5%		
Mrkt Dvlpmnt Allocation / Allocation à l'exp du marché	7.2		6.0		5.6	6.4
Specialty Allocation / Allocation de spécialité	1.4		1.2		1.1	1.0
Total Production / Production totale	176.7		168.8		169.8	163.7
Imports / Importations	13.5		14.5		8.8	14.2
Reduction of inventory / Reduction de l' invent.						
<b>Total Supply / Offre totale</b>	<b>190.2</b>		<b>183.3</b>		<b>178.6</b>	<b>177.9</b>
<b>Demand / Demande</b>						
Exports / Exportations	8.7		7.5		7.1	7.9
Addition to inventory / Ajout à l'inventaire					5.1	2.1
Domestic Consumption / Consom. Domestique	181.5		175.8		166.4	167.9

June 1, 2016 / 1 juin 2016

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This is Exhibit "F" to the Affidavit of  
William P. Vanderspek affirmed before me at  
Abbotsford, BC  
this 24 day of June, 2016.

  
\_\_\_\_\_  
A Commissioner for taking Affidavits  
for British Columbia

**R. DEAN SIMPSON**  
A Notary Public in and for the  
Province of British Columbia

QUOTA UTILIZATION 2015 - 2016

June 17, 2016

**British Columbia**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	kg live	kg live	%	kg live	kg live	live	live	
	32,956,553	32,836,758	98.85%	419,795	101.04%	120,510	1,873,105	2.18	1.60	
	32,956,553	32,836,758	98.85%	419,795	101.04%	120,510	1,873,105	2.18	1.60	

**Alberta**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	20,109,437	20,287,939	101.39%	178,502	108.68%	178,502	2,267,419	2.26	1.87	

**Saskatchewan**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	8,555,758	8,712,745	101.71%	156,987	106.37%	156,987	2,101,524	2.10	1.54	

**Manitoba**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	9,153,857	9,655,654	105.48%	501,797	107.51%	501,797	2,101,524	2.10	1.48	

**Ontario**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	73,095,982	72,592,192	99.19%	-503,790	99.19%	-503,790	4,687,255	2.34	1.73	

**Quebec**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	63,650,199	63,589,575	101.29%	60,624	101.29%	60,624	2,101,524	2.10	1.72	

**New Brunswick**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	6,025,010	6,296,665	104.68%	271,655	108.17%	271,655	1,999,179	2.33	1.85	

**Nova Scotia**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	7,483,888	7,622,118	101.86%	138,230	101.86%	138,230	2,101,524	2.10	1.55	

**Prince Edward Island**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	910,419	926,535	101.77%	16,116	101.77%	16,116	2,101,524	2.10	1.57	

**Newfoundland and Labrador**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	2,956,553	2,977,513	100.73%	20,960	100.73%	20,960	1,999,179	2.33	1.45	

**CANADA**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	222,222,222	222,222,222	100.00%	0	100.00%	0	2,101,524	2.10	1.57	

**Atlantic Provinces**

A-128 A-129 A-130 A-131 A-132 A-133 A-134	Allocation		Production		%		over (under) prod		avg weight	
	kg live	kg live	%	kg live	kg live	live	live			
	12,222,222	12,222,222	100.00%	0	100.00%	0	2,101,524	2.10	1.57	

Data available up to: A-137 Week 3  
Data sources: CFC and AACP (AACP data where CFC data are incomplete)

