

Meeting of the Board of Directors

250 – 32160 South Fraser Way
Abbotsford, BC V2T 1W5

Strategic: Identify key opportunities and systemic challenges and plan for actions to effectively manage risks and take advantage of future opportunities.

Accountable: Maintain legitimacy and integrity through understanding and discharging responsibilities and reporting performance.

Fair: Ensure procedural fairness in processed and decision-making

Effective: A clearly defined outcome with appropriate processed and measures.

Transparent: Ensure that processes, practices, procedures & reporting on exercise of mandate are open, accessible and fully informed.

Inclusive: Ensure that appropriate interests, including the public interest, are considered.

MINUTES

of

Board of Director's Meeting

Date: October 4-5, 2017

Location: Sutton Place Hotel, Chateau Margaux

BOARD IN ATTENDANCE: Brad Bond, Chair
Jennifer Woike, Vice Chair
Aryn Alibhai, Board Member
Fred Krahn, Board Member
Walter Siemens, Board Member

STAFF IN ATTENDANCE: Katie Lowe, Executive Director
Joey Aebig, Manager, Operations & Logistics
Erin Duetta, Manager, Finance
Amanda Brittain, Manager, Communications & Marketing
April Dicer, Recording Secretary

CALL TO ORDER

Chair, Brad Bond, called the meeting to order at 10:00 am, Wednesday, October 4th.

5.1 BCEMB Strategic Plan Review

Katie presented the 2017 - 2020 updated Strategic Plan for the Board's review. Staff identified four strategic imperatives, defining them as items they are seeking to achieve over the next three years.

1. More powerfully tell our story to consumers
2. Take leadership in setting standards and ensuring compliance
3. Earn greater trust with stakeholders
4. Sustain our effective Supply Management model

From these imperatives, 4 Key Performance Measures were created:

SI#1: By April 2019, we will increase the number of people who trust BC egg farmers by 4%; moving BC from 39% to 43% on the 2019 U&A study.

SI#2: All BC producers 100% compliant within all audit parameters, including an average industry SCSC score of 97% or better.

SI#3: To increase the number of people who think BC Egg is a reliable information source on egg farming by 5% by April 2019 (from 33% to 38% on the 2019 U&A study).

SI#4: Ensure BC residents are supplied with fresh, local, BC eggs by maintaining a quota utilization rate of 99.8% or better

Katie shared the objectives and strategies detailing how the management team intends on guiding the organization to successfully reach these goals. After a lengthy discussion on BC Egg's Strategic plan and valuable input from the Board, staff will update the document reflecting the board's suggestions and recirculate for their feedback. The budget will be built around this Strategic plan then it will be shared with producers, FIRB, the EIAC and posted to the BC Egg website.

5.1a Marketing Plan

Amanda gave a recap of the 2017 marketing plan for information. Some highlights of 2017 include an incredibly robust social media program. BC Egg moved from only sharing recipes, to sharing information about farming, egg nutrition, our participation at events, Meet the Farmer video series, and yes, even some recipes.

Three more Meet the Farmer videos were shot with two more planned for the remainder of the year. The videos average about 11,000 views each with one garnering 20,000 views – these are extremely high view rates for an organization.

BCEMB participated in two major agricultural fairs that reached over 200,000 people: Abbotsford Agrifair and the PNE.

Amanda then presented the 2018 Marketing Plan noting that, having not been able to measure the 2017 plans success at this time, the 2018 plan tweaks the 2017 goals based on several different pieces of research.

Staff's goals for BC Egg this year are to Increase Trust in Egg Farmers and to Make BC Egg a Trusted Information Source.

Amanda shared the objectives and tactics for the 2018 goals and the backing research to support each goal and corresponding objective. Public appearances by farmers, Meet the Farmer video series and traditional and social media campaign will help bridge the gap between public trust and BC eggs.

Transparency will be BC Egg's tactic in creating our organization into a trusted source of information. Focusing on essential elements such as accuracy (sharing truthful, objective, reliable info), clarity (sharing info that is easily understood & obtained) and motivation (acting in an ethical, consistent manner) will help build the trust we desire between ourselves and all our stakeholders.

Amanda also noted that a website redesign will launch in the Fall of 2018 and the MarComm committee will be moving ahead on the new name and logo research to determine if a name change is necessary as we continue forward promoting ourselves in the role of a credible source of information.

ADOPTION OF AGENDA

The agenda was adopted with the following additions:

- 4.18 Organic Leasing
- 5.8 COMB

1.0 APPROVAL OF MINUTES

- 1.1 Approval of the Minutes of August 15, 2017

R17-048 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of August 15, 2017 as presented.

CARRIED

2.0 BUSINESS ARISING/ACTION LIST REVIEW

- 2.1 Board Calendar

The Board calendar was presented for information.

- 2.2 Action Items

The action items document was reviewed for information.

- 2.3 New Business

- 2.3a Updated Penalty Policy

The updated penalty policy was presented for information. The updates clearly defined the roles and responsibilities of staff in the penalty process.

3.0 STAKEHOLDER ENGAGEMENT

- 3.1 2018 EFC Young Farmer Program Representative

In November 2017, staff expects EFC to request that BC Egg provide a recommendation for a delegate for the young farmer program.

The goal of this program is to work together to nurture young people in the industry and to help them build an understanding of the industry's history to empower these young Canadians to take on leadership positions in our industry and sector.

The EPA has chosen one producer from each region for the Board's consideration. These individuals are believed to bring the most value to the industry with their participation.

The Board expressed their approval of this program and the importance of developing the younger farmers.

Based on the current level of participation in the industry and length of time in production, staff is recommending that James Reimer is selected as the delegate for 2018. If James is unable to fulfill this role, the Board recommends Wayne Johnson as the alternate.

R17-049 It was MOVED and SECONDED

THAT the Board of Directors approve that James Reimer be the delegate for the Young Farmer Program and Wayne Johnson be the alternate.

CARRIED

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3.2 IEC Reports

Brad and Walter presented their notes from the 2017 EIC Global Leadership conference held in Bruges, Belgium, for the Board's information.

3.3 EIAC Grader Representative Replacement

Golden Valley (Bill Gray) has requested that Scott Brookshaw replace Frank Curtis on the committee due to Frank's obligations in Calgary.

The Board must consult with the BCEPC concerning any processor appointees. The BCEPC has been consulted and they have recommended that Scott Brookshaw replace Frank Curtis on the BCEPC after the September 28, 2017 EIAC meeting.

It is recommended that the BCEMB appoint Scott Brookshaw as one of the three processor representatives on the EIAC for a three year term commencing October 6, 2017, expiring March 2021.

Staff will notify the BCEPA and the BCEPC regarding the remaining members whose terms expire this March and request recommendations by Dec 31, 2017.

R17-050 It was MOVED and SECONDED

THAT the Board of Directors approve that Scott Brookshaw replace Frank Curtis on the EIAC as a Grader representative.

CARRIED

3.4 Invitation to Minister Popham

The invitation to Minister Popham and her team to meet with Katie and Jen to discuss significant issues in the egg sector was presented for information. Staff advised the Board that Minister Popham will be joining them on the farm tours in November.

3.5 Draft PMC Minutes of September 5, 2017

The draft PMC minutes from the September 5, 2017 meeting were presented for information.

3.6 Farm Tour Invitation/Political Outreach

Invitations for a farm tour have been sent to Premier John Horgan, Minister Lana Popham, Green Party Leader Andrew Weaver, and Leader of the Opposition Rich Coleman. The tour will include a visit to small, medium and large farms as well as small and medium sized grading stations. The board will be accompanying these key politicians on this tour.

BC Egg has also reached out to a communications firm that specializes in politics to get advice on how to reach out to key politicians as to prepare a government relations plan.

3.7 SPCA Relationship

Katie commented that BC Egg has a good working relationship with the SPCA and have attended a few educational farm tours with members from the SPCA. It was noted that the SPCA is currently updating their standards and have requested information from BC Egg regarding our current standards. Information has been provided when requested and the SPCA is obtaining comments from BC Egg producers who are currently SPCA certified. The contact information has been provided to Fred Krahn so the PMC can work with the SPCA as well.

3.8 CCFI Conference

Amanda presented the notes from the Canadian Centre for Food Integrity conference she attended on September 19 & 20.

Action: Amanda to send the Board the research on CCFI's public trust release

Action: Staff to note the fact that we're a member of the CCFI on our website

3.9 Animal Welfare Workshop

Amanda presented the notes from the Animal welfare workshop she attended on September 20, noting that attendees included approximately 35 stakeholders holding an interest in animal welfare.

3.10 Focus Group Review

Amanda presented the results of the focus group held in August. Sentis was contracted to conduct three focus groups in Abbotsford, Vancouver and Victoria. In total, twenty people participated and represented a mix of ages, education levels, incomes and types of eggs purchased.

Three ideas were tested:

- Explore awareness and perceptions of different housing types.
- Obtain consumer response to a new certification standard for specialty eggs (including names and logos).
- Discern consumer awareness and perceptions of BC Egg's role in setting standards and regulating the production of eggs.

It was discovered that consumers are minimally informed about food production. Many don't want to know about egg production because they fear the worst. If consumers are aware of the BC Egg Marketing Board, they have no knowledge of our regulatory function but feel that regulation is important.

The focus groups pointed out that BC Egg should focus on educating the public and not on promoting our organization. We need to become leaders in providing excellent, science-based information to the public. Consumers are primed to trust BC Egg as we provide them with the right information about egg production and position ourselves as leaders in promoting hen welfare.

After reviewing BC Egg's stats in how we are viewed as an organization in the public, Amanda shared the results of the focus groups. The public has no knowledge of how the industry is regulated but feels that regulation is important. Because we have very low recognition we have an opportunity to present ourselves in a positive light.

Consumers want to feel good about what they eat. But don't want to do the research themselves. They are comfortable just knowing that the information is there and available.

4.0 OPERATIONS

4.1 Rodent Control Update

Over the past two years the number of positive Salmonella Enteritidis cases has increased. The majority of the affected farms have had signs of heavy rodent activity on the premise.

Staff is sending an email to producers with their pest detective inspection report detailing to the recipient their inspection results, their score, and how their program measures up to their peers.

Whenever possible, staff will assist with producers that ask for help or clarification. PLO's will be following up with the producers that are identified as (orange/red) moderate/high risk to ensure that action is being taken to mitigate their risk either before or on the date of their next audit.

4.2 Five Fry Appeal Update

BC FIRB's decision on the Five Fry appeal was presented to the board for information. This decision responds to an appeal of a decision of the British Columbia Egg Marketing Board (Egg Board) to end the Market Growth Allowance (MGA) program, put in place to respond to a market need for conventionally produced white table eggs and eggs for processing.

The BC FIRB panel concluded, based on its analysis of sound marketing policy and its application of the SAFETI principles, that the Egg Board did not err in its decision to end the MGA program. Further, the Egg Board developed adequate transitional provisions for the MGA program as it evolved. All producers benefitted from the preservation and expansion of their markets and the strengthening of their industry through this innovative measure of the MGA program. The panel dismisses the appeal.

4.2b Sunshine Valley

Katie advised the board that we will be conducting a new producer program draw in Creston in the next 14 days as per direction from FIRB. Joey will be the draw administrator for all future new producer programs.

Action: Staff was directed to write a letter to FIRB regarding the short timeline for this draw noting it does not follow our new producer program published timelines.

4.3 FIRB Update on Mandatory Insurance

The Mandatory Notifiable Avian Influenza Insurance Review (the "Review") is a five phase review intended to provide the regulated poultry boards and commission in BC with the research and analysis to determine whether or not to apply the authorities granted under the Natural Products Marketing (BC) Act (the "NPMA Act") to require producers to maintain insurance against losses resulting from Notifiable Avian Influenza (NAI) discoveries.

In July 2016, the boards and commission posted a draft Decision Note to establish a mandatory Infected Premises C&D Cost Recovery Fund to cover the extraordinary costs of C&D of infected premises for future NAI discoveries as well as provided direct notification to industry associations and key stakeholders requesting feedback on the proposed Fund.

The rationale for the Fund has been made available to industry stakeholders. The boards and commissions have requested stakeholder feedback to which limited response has been received to date.

Phase 3 is intended to conduct the requisite due diligence to support the regulated poultry boards and commission decision making process and establish if the conditions of insurance exist. This work is dependent on the completion of an actuarial assessment which is in progress.

Once the actuarial assessment has been completed to enable the finalization of the Phase 3 draft report, the Mandatory Insurance Steering Committee will meet. Work is progressing on the Review with the intent of enabling the boards and commission to make decisions by the end of October.

4.4 Specialty Audit & Stamping Meeting

BCEMB staff met with the grading stations in BC to review the specialty audit certification and egg stamping programs with the grading stations prior to their implementation. Staff met with each grading station individually and provided brief updates on the consumer research to date and the status of our discussions with retail.

The proposed stamping program and its benefits were outlined as well as how our local program will work with the National Program.

Staff shared the feedback from Pinegrove Farms, Island Eggs, Golden Valley Farms, Vanderpol's Eggs and Overwaitea Foods with the Board, noting that all parties are supportive of the Specialty Audit Certification Program.

4.5 Process to Review the Provincial Administration Levy(PAL)

EFC's process for review of the Provincial Administration Levy (PAL) was presented for information. EFC's goal is to present the PAL update to the EFC Board of Directors this November for implementation in January 2018.

Action: Staff to ask EFC to consider including freight costs as part of the administration levy as it is not included in the COP.

4.6 New Entrant Quota Credits

The Board has received requests from new entrants for the ability to go into a negative quota credit balance for their first flock. New entrants are our most vulnerable producer demographic; QCs and their valuation are one of the more complex concepts.

The board agreed with staff's recommendation that BCEMB maintain the current rule that no producers can go into a negative Quota Credit balance as the financial loss incurred by the New Producer is minimal.

4.7 Specialty IP

EFC has been working with BC Egg and Vanderpol's to implement a pilot specialty IP program in BC that works similar to the current IP program rather than through a separate processor/producer specific contract.

From the October 11, 2017 EFC meeting, BCEMB is hoping to get stronger agreement that specialty pricing needs to happen at a national level and some next steps moving forward. It is the intention of BCEMB to continue its pursuit to have all western provinces implement a specialty pricing and a specialty IP program.

4.8 Quota Allocation Consultation

BCEMB has committed to conducting a consultation beginning in October to determine if there is a potential to strengthen the current methodology used to allocate quota.

The purpose of the consultation is to determine if there is an opportunity for the BCEMB to, while maintaining its accountability to all stakeholders and adherence to the SAFETI principles, strengthen the strategies used for the allocation of growth quota in this thriving industry.

Staff plans to continue with a Quota Allocation consultation in October 2017 to determine if there is a preferred mechanism for the allocation of growth quota that adheres to the SAFETI principles.

The board and staff discussed 11 different options for the allocation of quota as presented. After lengthy debate, eight options were selected for inclusion in the stakeholder consultation process.

4.9 Quota Exchange Survey Options

BCEMB has committed to conducting a consultation beginning in September regarding the Pilot Quota Exchange (Schedule 8).

The objective of the consultation is to establish if there is an opportunity for the BCEMB to, while maintaining its accountability to all stakeholders and adherence to the SAFETI principles, change and improve the policies regarding the Pilot Quota Exchange set forward in Schedule 8 of our Consolidated Orders.

Staff plans to continue with the Pilot Quota Exchange consultation in October 2017.

4.10 New Producer Program Consultation

BCEMB has committed to conducting a consultation beginning in September 2017 surrounding the New Producer Program.

The objective of the consultation is to establish if there is an opportunity for the BCEMB to, while maintaining its accountability to all stakeholders and adherence to the SAFETI principles, change and improve the policies that surround incentive quotas issued under the New Producer Program set forward in Schedule 1 of our Consolidated Orders.

Prequalification's were recommended as part of the vetting process through a fact sheet asking questions such as intended location of production unit and holding mandatory information sessions.

The EIAC committee noted they would like to see the survey results at their January 2018 meeting so they can put forward a recommendation to the board.

Action: Staff will update the research questions and objectives then provide it to the Board for comment prior to general circulation.

4.11 EFP Phase Out

As of week 34, 2018 BC's temporary allotment contract for the 100,000 EFP quota is set to expire. The EFP Program was a three year contract that started in week 34, of 2015. As such, the contract can either be renewed or expire as of week 34, 2018.

At this time Mr. Vanderpol has confirmed that his needs are being met fully by the IP Program and as of week 34, 2018 he will no longer require any EFP product therefore he does not want to renew/extend the contract.

Before a decision can be made the BCEMB 2018 inventory forecast needs to be completed so that we can establish how we are poised for the New Year.

At this time, staff is of the opinion that a gradual phase out program would be the preferable strategy for ending the EFP program from a production perspective.

Action: Staff was directed to write a letter to Mike Vanderpol and Bill Gray to ask for their input on phasing out the EFP program, as per their request.

The meeting adjourned for the day at 4:08 pm

The meeting reconvened on October 5 at 8:45 am.

4.12 Forecast Model for 2018

The goal of the forecast is to leverage available databases and resources to develop a forecasting model that reflects a relatively accurate picture of the industry's current position, driving factors, and future direction from both a supply (production) and demand (retail) perspective. An industry perspective with a forecasting piece was presented to the board for information. The board added insight and made recommendations to strengthen the model.

Action: Staff was directed to update the Forecast Model document with the Boards suggestions and corrections and recirculate for feedback.

4.13 Catching Update

In response to the video released by Mercy for Animals (MFA) that depicted the horrific abuse of chickens during the catching process on broiler farms throughout BC the catching processes are being scrutinized by all stakeholders (processor, producer, government, activist, and public) with the goal of creating a more robust system that will minimize the opportunity for abuse to occur during in the catching process.

In September staff attended another meeting with the feather boards to get an update from the BCCMB and discuss catching crew options.

The options put forward for discussion regarding next steps on catching were:

1. All boards using the same crews in each region to remove their birds, making it economically viable for the Interior and Vancouver Island regions
2. At the next contract renegotiation - BCEMB requiring elite to catch our Interior and V birds.
3. Licensing producers and catching crews

Options 1 and 2 are logistically very challenging. BCEMB staff is recommending that producers in the Vancouver Island and Interior regions are trained a licensed to oversee the catching crews. By doing this it will ensure:

- BC has a credible program that is executed throughout our entire province
- Producers are accountable for the animal welfare training of the crews they hire
- Catching crews will understand before the hens are removed that they will be held accountable for their behavior and understand the expectations when removing and transporting hens

The board and staff agreed that more research needs to be done on how a program can be implemented that will satisfy the needs of the producers and catching crews while addressing the animal welfare issue.

4.14 Enriched Pricing

There is consensus amongst both graders and producers that the incremental cost of production from enriched housing is higher than conventional. There is also no debate that, at some point within the next 18 years, the large portion of our industry will need to transition to a production type other than conventional.

At this time, there is no price set for specialty production so the producer is responsible for the transition unless the grading station offers a premium.

One of the threats in the SWOT analysis that was prepared for this topic was that EFCs COP review and next steps may undermine our decision.

A considerable amount of time has passed and the EFC COP review is due to be completed and presented to the boards by January 2018.

Action: Staff was directed to bring enriched pricing to the EIAC asking for their feedback with options on how to proceed.

4.15 EFC Quota Credit Comparison

BC and EFC have two unique Quota Credit (QC) programs. By gaining a better understanding of the intricacies of EFCs QC policy we can adopt new policies allowing BC producers to better leverage their production by stabilizing our utilization when required.

Action: Staff will develop a standard operating procedure on how BC Egg can utilize EFC's Quota Credit program and outlining the administration of the entire process from start to finish.

4.16 MarComm Update

Amanda presented the Board with an update on the Marketing and Communication department.

Egg Stamping

Copies of the farmer questionnaire and consent form being used to put together the individual farmer pages on the website were provided for information. The questionnaire clearly indicates which questions are optional. The consent form has been vetted by our lawyer and is ready to use.

It was also noted that Farmer Ben's began stamping their eggs on September 27.

Meet the Farmer Video Series

Amanda informed the Board that each Meet the Farmer video costs BC Egg approximately \$2,500 to produce (more for our Island videos due to travel expenses). EFC will rebate BC Egg 70% of those costs (up to \$20,000) at the end of the year as part of the Provincial Extension Fund.

Advertising

The board was shown various examples of the print, digital and radio ads that BC Egg has participated in so far this year, as well as the Facebook promoted post regarding the health benefits of eggs.

Quarterly Updates to Retail

The board was advised that the Marketing & Communications department has been sending quarterly messages to several retail outlets (Overwaitea, Choices, HY Louie, Sobeys, Golden Valley, Burnbrae, Vanderpol's, and A&W) addressing BC Egg's activity and ventures in the community and industry itself.

Action: Staff was directed to package a Marcomm update for the 2018 AGM that displays everything we've done in the year as a way to share our successes with our stakeholders.

4.17 QATE Additional Responses

The additional responses from the QATE meeting with FIRB were presented for information. BCFIRB committed to having a response to the Boards by the end of December 2017.

4.18 Organic Leasing

Staff provided the board with an update regarding the provincial organic production needs. At this time no organic lease program is needed.

5.0 GOVERNANCE

5.1 BCEMB Strategic Plan Review

This item was discussed earlier in the meeting.

5.1a Marketing Plan

This item was discussed earlier in the meeting.

5.2 2018 Budget Review

Erin presented the 2018 Budget review for feedback. The information compared assumptions made for 2017, what we are assuming for 2018 and where BC Egg is at for Period 8 to give detailed insight as to how BC Egg's 2017 budget is compared to actuals.

The board offered recommendations to help get a more precise picture for the final 2018 Budget documents.

Action: The Accounting and Operations departments were directed to coordinate their approaches to forecasting for 2018.

5.3 FIRB Decision - Quorum & Conflict of Interest

Correspondence on FIRB's decision regarding quorum and conflict of interest was presented for information.

5.4 BC Poultry Conference 2019-2021

The BCPC steering committee needs to finalize details for the funding agreement for years 4-6.

This joint conference fosters increased communication between those commodities as we are all subject to similar risks. In addition, it enables multi-commodity producers to attend all the AGM's of each commodity.

Currently the funding agreement is split 40-40-10-10 with BC Egg responsible for 40% of the costs. With an agreed budget of \$250,000, BC Egg is committed for \$100,000.

The Board agreed with BCEPA's suggestion to use the BCPA funding model noted below:

Chicken - 49.08% - \$122,700

Egg - 21.85% - \$54,625

Hatching - 14.36% - \$35,900

Turkey - 14.71% - \$36,778

5.5 Council Decision Letters: EFC Levies & Quota Amendments

The Farm Products Council of Canada (Council) decision letters regarding EFC levy and quota amendments was presented for information.

5.6 2018 Scholarship Program

\$10,000 is set aside each year to help agricultural students as part of BC Egg's annual budget. Previous scholarships were awarded to students at SFU. Unfortunately SFU doesn't have an agriculture department.

At the June 2017 board meeting it was recommended the scholarship be awarded in house therefore staff is recommending a scholarship committee be created using the draft terms of reference presented.

It was agreed that this item be tabled in order to provide more time to fully research this topic.

5.7 Consolidated Order Prior Approval Follow Up

BCEMB received a directive from BCFIRB to implement the changes to the Consolidated Orders that were approved in March of 2017.

BCFIRB approved most of the changes to the BCEMB Consolidated Orders in March 2017. To date, the BCEMB has not implemented the changes. Staff was waiting for the results of the QATE. If any changes arose, it would be less confusing for producers to have all of the changes implemented at once.

Staff recommended the following actions:

- 1) Implement the revised orders as of November 1, 2017
 - a. Talk to producers at the EPA meeting
 - b. Send a notice to producers with revised orders and major changes as well as deadlines for implementation
 - c. Have revised forms ready at that time
 - d. Have three producer update sessions throughout November if producers would like to learn about the changes
- 2) Allow existing producers 3 years to comply with changes related to land ownership and independent production units
- 3) Amend the orders, if required, pending QATE outcomes

5.8 D&O Insurance

The D&O insurance amount was brought forward for information.

Action: Staff will come back to the board with information on the D&O insurance once they've done some research on industry averages with assistance from COMB.

6.0 PERFORMANCE REPORTS

6.1 Dashboard

The dashboard was presented for information.

6.1a Feed Mill Participation Report & AAFC Report

The Feed Mill report was presented to the Board for information.

6.2 Quota

6.2a Industry Reserve Week 37

The total quota allocated and held in reserve as of week 37, 2017 was presented for information.

6.2b IP Report Week 37

The Industrial Product report up to week 37 was presented to the Board for information.

6.2c IP Processor Summary Week 37

The week 37 IP Processor report was presented to the Board for information.

6.2d EFP Report Week 37

The EFP report as at week 37 was presented for information.

6.2e Quota Utilization Update

The quota utilization report as at week 37, 2017 was presented for information.

6.2f Quota Credit Report

The quota credit report was presented for information.

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6.2g Inventory Report

The Inventory report was presented for information.

6.3 Financials

6.3a Period 8 Board & Committee Per Diems & Expenses

R17-052 It was MOVED and SECONDED

THAT the Board of Directors approve the Directors', Executive Director's, and Committee members' per diem and expenses for Period 8 as amended.

CARRIED

6.3b Period 8 Financials

The Period 8 financials were presented for information.

6.3c Financial Dashboard

The Financial dashboard was presented for information.

6.4 Preliminary COP

The preliminary COP was presented for information.

7.0 MEETINGS HELD AND UPCOMING

7.1 Meetings Held Appendix A

Meetings attended since the last Board meeting were reviewed.

7.2 Meetings Upcoming Appendix B

Attendance and participation in upcoming meetings was discussed and approved.

7.2a Future Meeting Date

Due to a conflict with the IPPE conference in Atlanta on January 30, 2018, the board moved the January scheduled Board meeting to February 1, 2018.

ADJOURNMENT

The meeting was adjourned at 12:43 pm



Board Chair



Certified Correct, Secretary

Action Items

Action Item	Date Initiated	Due Date	Action Item	Current Status	Owner	Next Steps - Comment
2.2a	Mar-17	Dec-17	Long Term Investment Policy Needs	Active	Erin	The A&F cttee will determine if needed at October 2017 Meeting
2.2c	Apr-17		Website Redesign for 2018	Active	Amanda	
2.2d	Sep-15	Dec-17	Grader Audit	Active	Erin	Ongoing
2.2e		Dec-18	Governance Manual Review and Update	Active	Brad	BCEMB Policy Manual developed, next step is revise Gov. Manual
2.2f	Apr-16	Dec-17	New Entrant Paper		Katie	Management to review previous NPP studies and develop revised questionnaire for Panel Members and 2015 NPP winners
2.2g	Apr-16	Dec-17	Comparison of Regional Programs	Active	Katie	Underway - AB now taking the lead on an EFC portal to act as a repository for provincial program information
2.2h	2015 Strat Plan	Dec-17	Stamping Eggs	Active	Amanda	
2.2i	Apr-17		Specialty Pricing	Active	Katie	Ongoing - On Agenda
2.2j	Jan-17	Jan-20	Quota Credit Policy Refresh	Active	Katie/Joey	Underway - consultation to be ongoing for January 2020 roll out
2.2k	Jan-17	Jun-17	Quota Assessment Directive	Active	Katie	Submitted, awaiting BCFIRB comments
2.2l	Jan-19	Sep-19	FIRB Election Rules Directive	Postponed	Katie	No action needed until 2019
2.2m	Mar-17		New Entrant Survey Questions	Active		On Agenda
2.2n	Mar-17		Quota Exchange Survey	Active		On Agenda
2.2o	Jun-17	Sep-17	SCSC Audit Review	Active	Joey	Reviewed by PMC - Staff to draft changes
2.2p	Jul-17		Katie to talk to Minister Popham about changing legislation	Active	Katie	Staff has spoken to the ministry and have been unable to find this changing legislation

Policy Number: 16-01

Date: January 21, 2016

Title: Penalty Policy

INTRODUCTION

It is a requirement of the BCEMB Consolidated Orders that producers comply with all Orders of the Board. While the vast majority of producers comply with Orders, there are a few cases where, after repeated attempts to encourage compliance, a producer remains non-compliant. There are three very specific situations in the Consolidated Orders in which the Board can apply monetary penalties to producers for food safety infractions. If the producers' non-compliance does not fall within one of these situations, the only action the BCEMB can take is cancelling a producer's licence. This policy will outline how the procedure would occur in the case of non-compliance for Start Clean Stay Clean, BC Biosecurity or Animal Care Programs.

BCEMB Consolidated Order, May 12, 2010, Part II

4. (1) It is a condition of issuance and maintenance of every licence that the applicant or holder complies with the Orders of the Board from time to time in force and all applicable legislation and regulations.

NON-COMPLIANCE – GENERAL

Where a producer has achieved a score of less than 90% on their Start Clean Stay Clean or Animal Care Program (where hen welfare is not an immediate concern) audits or does not pass their BC Poultry Biosecurity Program audit, the follow steps will be taken:

- 1) Upon initial notification of the non-compliance, work with the producer to determine a reasonable timeframe to correct the problem. This initial notification may be the audit report or other notification/letter from the Board office. **(Sent by PLO)**
- 2) **If the deadline has passed and the non-compliance has not been corrected, a first warning will be issued to the producer stating that they have 30 days to correct the deficiency. (Sent by PLO)**
- 3) If the deadline has passed and the non-compliance has not been corrected, a second warning will be issued to the producer stating that they have 30 days to correct the deficiency or their license may be revoked in accordance with Part II of the Consolidated Orders. **(Sent by Operations Manager – Email w/ read receipt and phone call)**
 - a. **The producers grader will be notified at this time**
 - b. **The Board of Directors will be notified at this time**
- 4) If the second deadline passes and sufficient progress has not been made to correct the deficiency, revoke the producer's license until such time as the deficiencies have been corrected. **(Sent by Executive Director - Email w/ read receipt and phone call)**
 - a. For the first 30 days that the producer's license is revoked, all product will be diverted to the breaker and the producer shall be paid breaker price. Board staff will attend the farm on a regular basis (daily or weekly depending on the severity of the problem) in

order to ensure that the hens are being properly cared for and the producer is making progress towards completing their corrective actions.

- 5) If after 30 days of receiving breaker price, the producer has not corrected the deficiencies the producer will no longer receive payment for their product, Board staff will arrange to have the farm depopulated and all quota will be cancelled. (Sent by Chair - Email w/ read receipt and phone call)

NON-COMPLIANCE - ANIMAL CARE CONCERN

In any situation where the producer is not in compliance with the animal care program and there are hens that are in distress, the following process will be followed:

- 1) 1) Upon initial notification of the non-compliance causing hen distress the producer will have 24 hours to correct the problem. (Sent by Operations Manager - Email w/ read receipt and phone call)
 - a. The producers grader will be notified at this time
 - b. The Board of Directors will be notified at this time
- 2) If the deadline has passed and the non-compliance has not been corrected, a second warning will be issued to the producer stating that they have 24 hours to correct the deficiency or their license will be revoked in accordance with Part II of the Consolidated Orders. (Sent by Executive Director - Email w/ read receipt and phone call)
- 3) If the second deadline passes and sufficient progress has not been made to correct the deficiency, the producer's license will be revoked, Board staff will arrange to have the farm depopulated and all quota will be cancelled. (Sent by Chair - Email w/ read receipt and phone call)

3.1 2018 EFC Young Farmer Program

Issue:

In November 2017, staff expects EFC to request that BC Egg provide a recommendation for a delegate for the young farmer program.

Goal:

Work together to nurture young people in the industry and to help them build an understanding of the industry's history to empower these young Canadians to take on leadership positions in our industry and sector.

Background:

In early 2017, BCEMB staff developed a proposed timeline for the delegate selection process that included consultation with the EPA and would allow for the delegate to have some time to prepare for the program.

The EPA has chosen one producer from each region for our consideration:

- 1) Wayne Johnson
 - Interior Region, Free Range, NPP Winner
 - started production September 2016
 - a member of the EPA and stays involved
- 2) Ross Springford
 - Vancouver Island, Free Range, NPP Winner
 - Starting production May 2018
 - Has been a member of the VI EPA as he has been managing his parents' layer operation for a number of years.
- 3) James Reimer – Leafy Ridge Farms
 - Lower Mainland, Free Range, purchased quota
 - Started production in 2012
 - Is currently a director on the EPA and regularly attends industry meetings including training events and consultations. Is one of the producers who volunteers when needed.

These are individuals that the EPA believes would bring the most value to the industry by participating.

Past delegates have been:

2015 – Mark Siemens – Lower Mainland

2016 – Jon Krahn – Lower Mainland

2017 – Matt Vane – Lower Mainland

Recommendations:

Based on the current level of participation in the industry and length of time in production, staff is recommending that James Reimer is selected as the delegate for 2018. If James is unable to attend, staff is recommending to offer the position to Wayne Johnson.

3.2 IEC Global Leadership Conference

Notes from the 2017 EIC Global Leadership conference held in Bruges, Belgium September 10-14, 2017. Attended by Brad Bond and Walter Siemens.

Innovation in Egg Production – Feed Insects to Hens

by Dr. Aidan Leek, Nuffield Scholar, UK

Basically the talk was about whether insects will be a protein substitute for animal feed and the consumer in the future.

This is potentially a growth industry that is in its infancy stage, but picking up speed. There is a company in Ontario called Entomo Farms <http://entomofarms.com/> that converted a two story broiler barn to an insect farm for crickets.

Another company called White Oak Farms in the US insects for broiler feed. <http://modernfarmer.com/2013/09/white-oaks/> Some companies in China use insects, to digest layer waste and the recirculate as food.

There is another company that plans to open 20 manufacturing plants in North America in the near future.

Today insect protein for animal feed is primarily used for broiler farms and could be used for aqua farming in the future. He does not see it being used for egg feed at this stage of its evolution; however, there might be a day when it competes with soy based feeds. The challenges are:

- Regulatory changes needed to permit use
- Consumer acceptance
- Economies of scale in production

Apparently one Dutch company has launched eggs where the layer feeds of live larvae in 2016 and it is called Oeria and does quite well in the specialty stores.

A PERSPECTIVE ON THE FORCES AT WORK IN THE GLOBAL CONSUMER INDUSTRY AND THE ROLE OF SUSTAINABILITY - by Peter Freedman of Consumer Goods Forum

Comments in italics are mine.

There is a historical high level of disruption in the industry with respect to change and sustainability. Peter takes three perspectives or lens: the consumer, investors, and industry.

The Consumer

Traditional Drivers – Price, Taste, and Convenience

New Factors: “Authenticity” and “Sustainability”. Input from Nielsen:

- 71% of consumers question the health of artificial ingredients in food
- 67% want to know everything about what is in their food
- 61% believe the shorter the ingredient list the healthier the food
- 68% willing to pay more for food without unhealthy ingredients

The Traditional Drivers still exist, but the New Factors dominant branding strategies and tactics.

Interesting these all relate to “Transparency”

Input from A T Kearney on the Percent of Respondents Looking for Brands/retailers That Do Good for the World

Baby Boomers – 29%; Gen X – 35%; Millennials – 46% Gen Z – 44%

Retail spend or consumer dollars will follow these percentages.

Data on The Growth Rates in Sustainable Products:

	Market As Whole	Attributes:	Sustainable Farming	Business Practices	Production Methods	Animal Welfare	Packaging Materials
Growth Rate	-.1%		11.4%	10.8%	4.2%	3.9%	2.5%

Interesting to note that Sustainable Farming trumps Animal Welfare. So as we agreed at the Insight Roundtable we need to leap ahead and put Sustainable on our agenda and communication to dilute the noise on Animal Welfare. Animal Welfare should be part of Sustainability. We are on the right track.

The Investor

There is a marked increase in activist pressure. This has resulted in tension between zero based budgeting driven companies and those the are creating value-added around sustainability.

Investment firms are targeting companies that have a sustainability focus.

Aligns with what Matt Sutton-Vermillion of Context says about food manufacturers hiring Chief Sustainability Officers and sustainability measures for suppliers.

The Industry – Retail

There are existential threats to traditional retailers; retailers are in shock! E-Commerce players are creating their own physical stores or buying other companies with physical stores. For example, Amazon, Amazon Go (their store), and now Whole Foods (who they bought recently).

The “new retail” is the integration of online, offline, logistics, and data collection across a single value chain.

The Industry – Food Manufacturers

Their existential threat is the “Food Revolution”. Emmanuel Faber the CEO of Danone gave an impassioned speech on their repositioning and said: they need to change their interest to Authenticity and Sustainability and how we deliver it. We have lost the connection on where food comes from and this is critical to the consumer. Manufacturers need to provide this information or lose our position.

<https://www.youtube.com/watch?v=PhuEtyH6SK4>

	COMPETITIVE	COLLABORATIVE
RETAILERS	Price Health Convenience Business Model	Food Safety Sustainability Health Diet & Lifestyle Digital Transparency
BRANDS	Taste Health Cost New retail relationships	

Competitive column: is how the retailer and food manufacturing will differentiate.

Collaborative column: is where both the Retailer and the Food Manufacturer need to work together on.

In our case BC Egg has to work together with graders, HRI, and retailers more going forward!

Summary

The consumer is ahead of the industry in changing its beliefs and values, and dragging the industry along. The consumer wants the industry to offer healthier, more sustainable, more authentic products and services, with greater transparency.

- 49% of consumers will pay more for sustainable focused products
- 30% will pay more or buy products where the manufacturer has a more socially sustainable focus, that is, treats its employees fairly
- 75% of investment management companies will invest in producers who deliver the environmental and social sustainability

IEC

Post lunch Speakers:

Red Mite Overview:

A night-active bloodsucker from the spider family which affects mostly poultry.

Hard to find any signs at daytime. They like high temps and high humidity with a 7-17 day life cycle. This causes bird restlessness and agitation and promotes pecking and cannibalism as birds attempt to eat the mites. Red mites can survive up to one year without taking a single blood meal. They also become very resistant to Acaricides rather very quickly.

Losses to the typical farm range in the .50 cent Euro/per bird range with a very high contagion up to \$2.50 Euro/bird

Fipronil Outbreak and recall Overview:

This issue received Global attention and vast, rapid coverage.

What happened:

Basically a highly regarded farm service firm with advanced Hi Tech equipment) a firm of high regard and choice within the Industry), got a lot of business awhile a red mite issue hit the industry. This firm found a innovative approach and they used a special brew with "one secret ingredient" which was not disclosed due to competitive reasons. Meanwhile they were hired on over 200 farms and were using the same ingredient at these various farms for similar treatment.

Due to the rapid and vast concerns within the public and although some levels of detection were deemed acceptable in the traditional sense of parts per Billion measure, they had to over react and created a .0005 parts per million safety threshold which caused such vast impact throughout the Industry.

First signs came from Belgium, which led to an egg transport banned, eventually eggs were pulled off shelves and administrative investigations pursued along with criminal investigations of how this occurred and how far reaching this chemical which was not labeled for use with poultry. Costs of losses to date is well over 33 Million euro - to mid-point in August and continues...numerous farmers are expected to go broke.

One can't just stop using it, birds would need to be removed and flocks restarted to allow for cleaning, some tried to stop production via molting as C&D ensued. Over 2.5 Million Layers have been affected to date that are known. This resulted in a heavy loss of trust to the industry.

Measures currently taken at the farm level: Sample of eggs, animals, as well as manure are require to be tested and declared "free" prior to being able to put eggs be put back on the market. C&D as serious as any disease outbreak would entail.

For further information search www.henhub.eu

Walt

International Reports

Italics are my comments.

	Be	Ge	UK	Ne	Fr	FrF*	De	It	Tur	US	Cdn	Mx	Col	Br	Ch	NZ
Cage	50%	10	50	18	69	29	41	62	98	89	91	100	70	90	90	77
Barn	32.5	63	2	59	6	11	27	32	.5	6.5	6.6		30	10	1	2
20F1ree Range	13	17	46	17	18	44	6	2	1		1.1				9	20
Organics	4.5	10	2	6	7	16	26	4	.5	4.5	1.3					1

Note: FrF * is a forecast for France by 2025

Belgium

- customers do not want to pay for quality product
- downgrading from Free Range to Barn
- starting to push favorable environmental footprint vs other animal products
- see more growth in organic
- maybe retailers will promote a unique system
- animal welfare is topic of increasing importance (feather picking, beak trimming, red mite control, loading of spent hens)

Germany

- more and more consumers abstaining from meat products
- 4% of sales are from colored eggs and increasing
- Using short wave UV light to improve food safety
- **Banned beak trimming since Jan. 2017; and cannot sell to retail post 2018**
- Expect consumption to grow
- AI season caused Free Range to be kept inside and sales plummeted as they had to be downgraded as inside past 12 weeks
- Expect free range and organic to continue to grow
- **Enriched eggs banned post 2025**
- *Germany seems to have the most rigid standards and some might say they are a proxy or forecast for where Canada will and should be down the road!*

UK

- **Beak trimming ban in progress; govt told industry to phase out on their own**
- Set protocols for secondary cleansing and disinfection and amended to allow infected premises to be cleaned faster and at a lower cost. Do not have to dismantle equipment now.
- Need to focus on keel bone assessment next
- Consumption up 5%, and value (price) up 6%
- Need to keep noses clean on health and safety to continue to increase consumption further

France

- **They signed a contract with egg sector and their customers & partners**



- Only country that says consumption is down due to development of substitute products
- Also the only country to give a 2025 forecast (see table)
- **Customer's want: no cages, access to free range, natural light**
- *The contract idea might be a stroke of genius to show some solidarity through all the channels and hold activists at bay to some degree. It does resonant with our Trust and Sustainability Reports with grocery.*

Denmark

- Farmers are converting faster than consumers want
- **Main concern is loss of consumer confidence; is product what it says it is (are free range really free range)**
- Gov't wants animal welfare markings on egg, meat and processed food
- Need to cultivate political trust and reinforce by doing what they say they are going to do
- Same with consumer trust
- **Stopped beak trimming in 2014**
- Only country with organic pullets

- **Be very transparent – say what we do; do what we say!!!!**
- **Forecast product up 30% in 10 years as they expect to export high value specialty products around the world as they will be the most advanced in animal welfare and safety**
- *This country seems to be the leader in value-added by going farther and faster than other countries. Great positioning!*

Italy

- Consumption up slightly
- Consumers slowly transitioning from cage to barn, and winking at free range and organic
- **Challenge – amortization of cage conversion investment. That is, they are having to change way quicker than historical patterns.**
- Challenge – predicting consumers choice re animal welfare

Turkey

- See waste management biomass technology as a future path
- Same with AMR (anti microbiocidal resistant) feeding
- Egg processing only 6% of market and are targeting 25%
- Feel the climate changes are going to affect their water sources and management

US

- Humane Society of US new referendum in California re 144 sq. in. per bird
- 299 retailers and food manufacturers committed to cage free by 2025
- Making sure suppliers don't use fipronil
- **Don't know if future will be enriched or cage free and just waiting out the consumer or government regulations**

Mexico

- Wants NAFTA to acknowledge North American origin on all eggs produced in NA (*lots of luck that US and Canada are going to go with NA idenfication*)
- Anti-trusts commission is investigating egg industry

Columbia

- Pressure for non-cage production is just starting
- Growing urban populations is depleting agricultural land
- Want to produce energy from biomass

Brazil

- Challenge to obtain grains for feed as they grow

China

- Record low prices of \$.45/doz.
- Egg safety is an issue as there are lots of misuse of anti-biotics as majority of small farms use them as they have lax bio-security standards
- Lack of inspections of farms and testing.
- Biggest farms have over one million layers and foreign capital is supporting them. Over 20 new farms projected to have 80 million layers

New Zealand

- Growth in Free Range is dramatic
- Cages to be phased out starting 2018 to 2022
- They are disease free from Se, AI and Newcastle
- Consumers are lobbying for “truth in labelling”
- Challenge to audit farm “proof of production” status

General Observations

- *Germany, Netherlands, Belgium and Denmark lead the world on changes in production in response to political and activist pressures*
- *Free range and organic are experiencing the most growth*
- *Beak trimming is next on the animal welfare list and will have to stop. Maybe a chance to differentiate BC eggs over other provinces?*
- *It does look like enriched is not going to be the stable cage alternate some forecasted.*

September 13, 2017
IEC

Analysis of Layer Housing Systems: Peter Van Horne

Sustainability:

- no universal agreed definition
- no end goal, rather continuous improvement
- this leaves an integrated approach of people, planet and profit

People: contains the animal welfare component

Planet: Climate change, energy, water, greenhouse gases

Profit: production costs and profit for the farmer

Housing systems referenced:

Traditional

Enriched

Barn

Free range

Organic

People: Components and factors

Animal welfare standards

Food safety

Worker safety

Planet:	Carbon footprint	Feed intake
Traditional	Phased out	
Enriched	100%	+
Barn	112%	++
Free range	114%	+++

Profit:

Production cost side relates to labour, production costs, overhead, densities etc.

Based on 550 cm/bird density

	Equipment	Add Production cost
Traditional	\$16	100%
Enriched	\$22	106%
Barn	\$5 0	123%
Free range	\$50-100	144%

Weighting of factors: (based on the Netherlands) + Major variations

Social weight 43%

Environment 31%

Economics 26%

Answer unclear but enriched systems appears to be the most sustainable, but ultimately the market will make this decision.

Layer housing - A Global Issue:

OIE Hen Housing Standards by Kevin Lovell

Comprised of over 180 Countries

- Briefly went over the history, schedule of timelines and meetings held
- Code is presently in front of the Code Commission
- Public comment target by year end
- Unlikely to make the general assembly in 2018
- Probably likely to conclude in 2019

Goals/Objectives:

- not to be prescriptive
- to include all production types and housing

Walt

3.3 EIAC Grader Representative

Issue:

Golden Valley (Bill Gray) has requested that Scott Brookshaw replace Frank Curtis on the committee due to Frank's obligations in Calgary.

Goal:

The role of the committee is to advise the board, on the request of the board or on the initiative of the committee, concerning any matter relating to the pricing or production decisions, utilization, effectiveness of on farm programs including animal welfare decisions the board has made.

The Board may consult with the committee and consider the committee's advice at its discretion before the board makes any decision relating to pricing or production.

Background:

The Board must consult with the BCEPC concerning any processor appointees. The BCEPC has been consulted and they have recommended that Scott Brookshaw replace Frank Curtis on the BCEPC after the September 28, 2017 EIAC meeting.

The current committee members are as follows:

EIAC Committee Members and Terms

Industry	Member	Start Term	End Term	# on Terms Served
Processor	Frank Curtis	Mar-15	Mar-18	First Term
Processor	Mike Vanderpol	Mar-15	indefinite	indefinite
Producers	Jon Krahn	Mar-15	Mar-18	First Term
Producer Vendor	Ralph Regehr	Mar-15	Mar-18	First Term
Producers	Scott Janzen	Mar-15	Mar-18	First Term
Chair	Marv Friesen	Mar-15	Mar-18	First Term
Producers	Mark Siemens	May-16	Mar-19	First Term

Recommendation:

That the BCEMB appoint Scott Brookshaw as one of the three processor representatives on the EIAC for a three year term commencing October 6, 2017, expiring March 2021.

Staff will notify the BCEPA and the BCEPC regarding the remaining members whose terms expire this March and request recommendations by Dec 31, 2017.



August 30, 2017

File #16-18

DELIVERED BY EMAIL

Art Friesen
Five-Fry Farms Ltd.
50285 Camp River Rd
Chilliwack BC V2P 6H4

Robert Hrabinsky, Counsel
Affleck Hrabinsky Burgoyne LLP
700 – 570 Granville Street
Vancouver, BC, V6C 3P1

D. Alary
Alary Farms
29225 Taylor Road
Abbotsford BC V4X 2E2

Dear Sirs:

RE: Five-Fry Farms Ltd v BCEMB - Decision

Dear Sirs:

Attached, please find the decision of the British Columbia Farm Industry Review Board (the “Provincial board”) in the subject appeal.

In accordance with s. 57 of the *Administrative Tribunals Act*, “an application for judicial review of a final decision of the (Provincial board) must be commenced within 60 days of the date the decision is issued.”

Yours truly,

Gloria Chojnacki
Case Manager

Attachment

IN THE MATTER OF THE NATURAL PRODUCTS MARKETING (BC) ACT
AND
AN APPEAL FROM A DECISION OF THE BRITISH COLUMBIA EGG MARKETING
BOARD TO END THE MARKET GROWTH ALLOWANCE PROGRAM AS OF
JANUARY 1, 2017

BETWEEN:

FIVE-FRY FARMS LTD.

APPELLANT

AND:

BRITISH COLUMBIA EGG MARKETING BOARD

RESPONDENT

AND:

ALARY FARMS

INTERVENER

DECISION

APPEARANCES:

For the British Columbia Farm Industry Review Board:	Daphne Stancil, Presiding Member John Les, Chair Diane Pastoor, Member
For the Appellant:	Art Friesen
For the Respondent:	Robert Hrabinsky, Counsel
For the Intervener:	Darren Alary
Date of Hearing:	June 7, 2017
Place of Hearing:	Abbotsford, British Columbia

INTRODUCTION

1. This decision responds to an appeal of a decision of the British Columbia Egg Marketing Board (Egg Board) to end the Market Growth Allowance (MGA) program¹, put in place to respond to a market need for conventionally produced (from caged hens), white table eggs and eggs for processing.
2. The appellant Five-Fry Farms Ltd. (Five-Fry), managed by part owner Art Friesen, could not take advantage of the program by producing eggs for the full period of time it existed, and appealed on that basis.
3. The intervener Alary Farms Ltd. (Alary), through its principal owner and manager Darren Alary, supported the appellant in its appeal. Alary's situation as a single flock producer on a single property added to its inability to fully access the MGA program.

BACKGROUND

4. British Columbia is part of an integrated national supply management system that uses quota to manage and control the production and marketing of several commodities (eggs, chickens, turkeys, hatching eggs and milk). The *Natural Products Marketing Act (NPMA)* provides that the Lieutenant Governor in Council may establish schemes to manage the production of these commodities and establish either boards or commissions to manage the supply and production of the various commodities. The government of the day through the Lieutenant Governor in Council enacted the British Columbia Egg Marketing Scheme, 1967 (Scheme), to put a system in place to manage the production of eggs through a quota system and to establish the Egg Board.
5. Section 16 of the Scheme provides:

The purpose and intent of this scheme is to provide for the effective promotion, control and regulation of the production, transportation, packing, storage and marketing of the regulated product within the Province, including the prohibition of such production, transportation, packing, storage and marketing in whole or in part.
6. In managing quota under the Scheme, the Egg Board is to consider, amongst other things, "any variation in the size of the market for eggs" (section 5(1)(d)).
7. The appellant Five-Fry is a registered producer of eggs, and its manager Mr. Friesen has an interest in at least two other registered producer farms.

¹ When the Egg Board announced this program in July 2015 and changed it in December 2015, it referred to it as a temporary market growth allowance (TMG). By the time the Egg Board ended the program in October 2016, it referred to the program as the market growth allowance (MGA) program. Since this appeal is based on that time, the panel refers to it as the MGA program, except where including the Egg Board's evidence regarding the history of the program.

8. The intervener Alary is a registered producer of eggs, is a single flock operation and the principal Mr. Alary has an interest in this single farm.
9. The Egg Board has membership in the Egg Farmers of Canada (EFC), which on an annual basis predicts the national demand for table eggs and allocates the production according to a formula to each of the provinces and the North West Territories.
10. The national EFC process of allocation has traditionally been retrospective, taking the demands of previous years into consideration to determine the need for a future year. Because of this retrospective process of determining national allocation the EFC underestimated the recent needs of many provinces beginning from about 2015 on.
11. The increased demand is in part a result of the Canadian health community advising that they no longer had significant concerns related to the regular consumption of eggs. Consumers responded by eating more eggs.
12. Coincidentally, the United States, an alternate source of eggs for many Canadians, lost about 15% of its capacity to produce eggs due to flock reductions as a consequence of avian influenza (AI). British Columbia itself suffered an AI outbreak in 2014 and in 2015, and affected producers were in the process of re-establishing their flocks with chick production that had also resumed at the time the MGA program came into effect.
13. With both domestic supply constrained and import capacity reduced, graders advised the Egg Board that they were unable to meet the demands of their customers in the retail sector. Similarly, the processor which often “topped up” its needs from imports could not afford to pay the higher prices being charged by its US suppliers due to a short US egg supply connected to the impact of AI on US production.
14. Despite an increased demand for eggs, the Egg Board must comply with its national agreement and national allocations to ensure British Columbia produces to the amount it is allocated by the EFC. Any increases in production must be within the allocated amount. If British Columbia produces more than the allocated amount, the EFC charges the Egg Board penalties which the Egg Board collects from its registered producers. The Egg Board refers to these penalties as “liquidated damages”.
15. In early 2015, members of the Egg Board began discussions to consider how to respond to provincial demand for eggs, while maintaining its national obligations. The Egg Board sent an email July 3, 2015 to all its registered producers announcing the MGA program. The Egg Board described the program as follows:

A fundamental corner stone of supply management is the requirement to match domestic production with domestic demand. At this time, we are facing a chronic shortage of both table egg supply and breaker supply. Factors leading to this

situation include significant growth in consumption and the current AI crisis in the USA, approximately 15% of USA egg supply has been lost.

High prices and tight supply are putting Canadian processors at risk and may result in loss of processing capacity in Canada. The EFC and your Board are looking at a number of short, medium and long term solutions to secure supply for the Canadian market. A medium response strategy would include managing hen inventory to get closer to the 97% issuance ceiling. The present utilization percentage is 90.83%. As result the Board has taken the following action.

Effective July 5, 2015 all producers in good standing will be permitted a temporary market growth allowance (TMG) of 3% of your current quota for all current flocks and new flocks placed prior to July 1, 2016. (Emphasis added.)

Program Details:

1. The TMG acts as a tolerance sleeve. It will allow producers to house an additional 3% hens based on current quota holdings and quota credit licenses. For example if you presently have 1000 hens quota, an active quota credit license for 100 hens and 62 hens of EFP then you can house 1162 hens plus 3% for a total of 1197 hens.
 2. TMG must be housed in accordance with present housing density policies.
 3. As TMG acts as a sleeve, no levies will be charged on these extra hens. You may reduce current quota credit usage in the amount of the 3% sleeve as of July 5, 2015.
 4. TMG hens are non-saleable and not eligible for Quota Credits.
 5. The need for the TMG program will be assessed on a quarterly basis. In the event that cutbacks are required, the TMG program will be eliminated first.
 6. In order to qualify for TMG hens the producer must be in good standing as per consolidated orders.
16. On December 31, 2015, the Egg Board announced changes to the MGA program by email to its registered producers. The Egg Board changed the underlined paragraph noted above in paragraph 15, to read:

Effective December 11, 2015 all producers in good standing will be permitted a market growth allowance (MGA) of 6% of your current quota for all current flocks and new flocks placed prior to December 31, 2017;

and made changes to paragraphs 1 and 3 of the above as noted by the underlining:

1. The TMG acts as a tolerance sleeve. It will allow producers to house an additional 6% hens based on current quota holdings and quota credit licenses. For example if you presently have 1000 hens quota, an active quota credit license for 100 hens and 62 hens of EFP then you can house 1162 hens plus 6% for a total of 1231 hens.
3. As TMG acts as a sleeve, no levies will be charged on these extra hens. You may reduce current quota credit usage in the amount of the 6% sleeve as of December 11, 2015.

17. The next day - January 1, 2016, the Egg Board released its publication the Scrambler², which included the following regarding the MGA program:

Production Increases

1. Farm Products Council has approved EFC's request to increase the national allocation by 728,050 layers. This represents an increase to BC of 82,983 layers. A request has been sent to BCFIRB for approval to distribute this to producers pro-rata. Further to that, EFC will likely request an additional increase in March. We will keep you posted!
 2. EFC has approved all provinces moving to 100% utilization prior to assessing liquid damages. BC has been at 97% so this represents an increase of 3%.
 3. The 3% TMG sleeve has been increased to 6% and extended for two years to account for this utilization rate increase. The name of the program has changed to the Market Growth Allowance. More information on the MGA program can be found here.
18. As a consequence of the MGA program, egg production increased and without intervention would have resulted in a level of production in excess of the national allocation and the need for payment from producer levies of liquidated damages on the overproduction. In mid-September 2016 the Egg Board notified registered producers that the MGA program would be reduced back to 3% of each producer's quota holdings or discontinued all together. Producers continued to order chicks to respond to the program. On October 28, 2016, the Egg Board issued a notice to registered producers that the MGA program would end on January 1, 2017, in production week 1 for that year.
19. On November 25, 2016, Five-Fry filed an appeal of this decision of the Egg Board to end the MGA program alleging that Five-Fry was unable to take full advantage of the program because the program did not include provisions to transition producers in and out, resulting in uneven producer participation in the program. Put another way, Five-Fry argued that Five-Fry, and other producers, did not all have the same opportunity to produce eggs under the program.
20. Alary applied for and was granted status as a full-participant intervener on the basis that it could offer the perspective of a "single farm, single flock" registered producer to the appeal and the impact of the "hasty end" to the Egg Board's MGA program on it and other similar registered producers.

² The Scrambler is newsletter-type publication the Egg Board prepares and issues on a regular basis to its registered producers and others.

21. As context to this appeal it is important to note that as the demand in the market place for eggs continued, EFC responded with quota increases for EFP and table eggs. BCFIRB approved the issuance of quota in the following amounts in the period of time relevant to this appeal:
- 44, 575 hens for table eggs and 100,000 hens for EFP on March 16, 2015,
 - 82,983 hens in total for table eggs (70,501 for existing producers and 12,742 for new entrants) on July 15, 2015, and
 - 82,983 hens on March 9, 2016, in response to a request from the Egg Board on December 23, 2015.
22. On March 21, 2017, after receiving submissions from the parties, the presiding member issued a process letter clarifying the matter on appeal, which stated in part:

In our view, the appellant's February 24, 2017 letter clarifies that the order he seeks to appeal is the order cancelling the Market Growth Allowance (MGA) Program, on the ground that the cancellation order failed to include transitional provisions that would ensure all producers could benefit equally from the 6% MGA. Since the Egg Board agrees that "the Appellant was not able to avail itself of the 6% sleeve when the MGA Program was in effect", the appellant has in our view satisfied the threshold of showing that it is aggrieved or dissatisfied by the cancellation decision. Whether that position is valid is of course the question for the appeal.

As we note above, the issue arising on this appeal is whether, as matter of sound marketing policy and in light of the Egg Board's orders, the decision to cancel the MGA was deficient by failing to include transitional provisions that would have given the appellant the opportunity to access the 6% MGA production in a similar manner as any other producer. In stating the issue this way, we want to make it clear that it is not open to the appellant to use this appeal to challenge orders of the Egg Board made prior to the orders regarding the 6% MGA Program and unrelated to that program, such as the leasing rules. The issue at this time is whether, in light of all pre-existing rules, the absence of transitional provisions for the MGA program, when the decision was made to cancel the program, was contrary to sound marketing policy.

ISSUE

23. Did the British Columbia Egg Marketing Board err in its October 28, 2016 decision to end the 6% Market Growth Allowance effective January 2017 and not implement transitional provision to ensure fairness for all producers?

APPELLANT'S SUBMISSION AND EVIDENCE

24. On behalf of Five-Fry, Mr. Friesen testified that his fundamental concern with the Egg Board's sudden termination of the MGA program was that not every producer could produce the full 6% of the allowance in addition to meeting quota obligations. He explained that some producers were able to adjust their operations, mainly because of available barn space,

to allow them to grow the full amount of the potential additional 6% and for the duration of the program, whereas other farms, including Five-Fry could not.

25. Mr. Friesen also testified that at the time of the program he found it difficult to get the number of chicks he required as the hatcheries were just getting back into full production after the AI outbreak in 2014 in British Columbia.
26. Mr. Friesen noted that he was familiar with the Egg Board announcement of the MGA program on July 3, 2015, and the program details, as outlined in points 1-6 listed in the above paragraph 15. Under cross-examination he acknowledged his familiarity with point 5, “The need for the TMG program will be assessed on a quarterly basis. In the event that cutbacks are required, the TMG program will be eliminated first.”
27. Mr. Friesen testified that even though he read the program announcement, his expectation was that the program would have to take into account the life cycles of the birds and the time involved with ordering chicks, raising them to maturity and laying capacity. From this, he concluded that if July 5, 2016 was the end date of the program this meant that if a producer ordered chicks, then the producing hens would be placed in the barn after about five months, in December 2016 and would produce until January 2018 to complete their twelve month cycle. Similarly, when Five-Fry received the second announcement from the Egg Board stating that the program would be continued to December 31, 2016, Mr. Friesen testified his expectation was that these birds would produce as late as June 2018.
28. Mr. Friesen went on to point out that this was not the case as when the Egg Board issued its decision to end the program on October 28, 2016, the correspondence indicated under the heading “What this means”:

Effective Week 1, 2017 your total allowable hens will not include an MGA component.

As of Week 1, 2017 if the total number of birds in your barn exceeds your total allowable hens (2017 Quota Licence), you will need to apply for a quota credit licence for the difference between those two numbers. Updated Quota Licences for 2017 will be sent to producers mid-December 2016.
29. Citing the Egg Board announcement of September 16, 2016 he advised that as of that date it was not clear to him if the Egg Board would be ending the program or when. It did however place another constraint on full access to the program through the elimination of the Lease Pool Program as it applied to the MGA program, “Effective immediately, the Lease Pool Program will no longer be accepting any new applications and will not be extended past its planned end date of June 30, 2017.”
30. Mr. Friesen made the point that while he understood he could not question past decisions of the Egg Board, certain of them pertaining to either restricting or elimination the leasing of other properties and new rules aimed at biosecurity, they nonetheless constrained his ability

to manage the Five-Fry property and infrastructure in a manner that would allow Five-Fry to take full advantage of the MGA program.

31. Mr. Friesen referred to extracts from the Egg Board's Start Clean – Stay Clean program and advised that because a production unit required cleaning and disinfecting before new hens could be placed, this built a delay of up to seven days into the time frame available to a producer to place birds to take advantage of the MGA program. This timing would not be the same for all production units and accordingly, some producers could get into the MGA program sooner than others. He also noted that under the national biosecurity program, Chapter 3 Flock Health Management Standards, the Egg Board discouraged the addition of "new" birds to production units already in production due to the risk of the introduction of disease, so even where a barn had room for extra birds it could not be utilized until the existing flock had been removed.
32. Mr. Friesen pointed out that the Egg Board had adopted the guidelines of the Canadian Agri-Food Research Council eliminating the use of "forced" moulting to extend the life cycle of birds, which eliminated another mechanism to increase production within the units of Five-Fry without the addition of new birds. He argued that the combination of the rules discouraging the mixing of age classes of birds and eliminating forced moulting of birds required a producer to place additional chicks in the appropriate time window to participate in the program. Under cross-examination Mr. Friesen acknowledged that the production rules and guidelines applied to and affected every registered producer, not just Five-Fry.
33. Finally, Mr. Friesen testified that it was less expensive for a producer to produce eggs through the MGA program as there was no levy payable to the Egg Board for this production. He inferred that because of this, those who could maximize their production through the MGA program benefitted substantially on that production.
34. Five-Fry sought as a remedy the issuance of production credits, such as quota credits, to all producers who could not take full advantage of the program so as they could acquire the same production level as those who were able to participate to the full extent in the program and this would result in all producers being in the same situation. Mr. Friesen acknowledged it could be a challenge to calculate and apply such an outcome so it may be simpler to provide producers with a production addition of about six months, the period of time he determined the program had been cut short by, and this would be an acceptable remedy. Mr. Friesen also mentioned a levy abatement on current production as a substitute for issuance of production credits, as a possible remedy.
35. In summary Mr. Friesen argued that not all registered producers could participate in the MGA program to the same extent. Those that started into the program later than others received less benefit. He submitted this was in part due to the lack of transitional provisions, but also because of how existing rules placed constraints on producers. He submitted this unfairness could have been alleviated if the program had been developed with transitional

provisions which would have, at a minimum, adjusted for the natural production cycle of the birds when the program ended. In this context Mr. Friesen argued that the Egg Board had not developed performance measures that would have allowed the Egg Board to track production arising from the MGA program against its objectives. He went on to say because of their absence the Egg Board had to act in a hasty manner to end the program which resulted in unfairness to the registered producers.

INTERVENER'S SUBMISSION AND EVIDENCE

36. On behalf of Alary, Mr. Alary adopted the positions and submissions of Five-Fry regarding the appeal. Alary also sought some mechanism of production adjustment so that all producers could benefit equally from the MGA program.
37. Mr. Alary agreed with Mr. Friesen that his expectation was that the MGA program would take into account the normal production cycle from chick to spent hen and testified that he felt the program did not do so.
38. Mr. Alary also testified it was difficult to obtain all the chicks requested from the hatchery at the time of the program, but he was not aware of any rules that prevented a producer from ordering more chicks than theoretically the producer had barn space for.
39. Mr. Alary explained a time line chart to the panel which showed that the Egg Board required producers to utilize quota allocation first, then time sensitive quota credits next, before any MGA program production could be claimed. He advised this rule became slightly complicated as the Egg Board offered new quota allocations pro rata to producers during this time as well. It also became further complicated by the MGA program adjustment which increased that original program production amount of 3% of quota allocation to 6% of production based on quota holdings.
40. Mr. Alary expanded his barn from August 2015 to October 2015, in order to access as much production as he could, based on the various programs. At the end of the MGA program, he estimated that Alary was able to produce for just over three months of the program. This represented only a portion of his potential access to the MGA program had he been able to acquire and place more birds to fully utilize his barn space, coincident with the program timing.
41. Mr. Alary testified that based on what he knew from other producers, most benefitted somewhat and a few benefitted to the full extent of the program.
42. Mr. Alary indicated that, in his opinion, the multi-flock producers were the ones who were able to benefit more fully because they had the size to make renting a barn cost effective as they could fill it with MGA program hens, whereas a farm of Alary's size was too small for such actions to be cost effective.

43. In closing, Mr. Alary submitted that the program worked unequally across all producers and that the inequality became greater for a single barn, single flock operation because it had less flexibility to adjust its production cycles and systems within the time frame of the program.
44. Mr. Alary also took exception to the Egg Board's "messaging" of information. The Egg Board's October 28, 2016 announcement indicated that the MGA had been a success, when the Egg Board itself acknowledged it had no performance measures in place to track production from the MGA program specifically. He submitted that most of the production increase must have been due to the uptake and implementation of the new quota issued to registered producers over the time of the MGA program.
45. Mr. Alary supports Five-Fry's suggestion of some form of production credit compensation to offset the degree of inequality of participation in the MGA program experienced by Alary, as a remedy.

RESPONDENT'S SUBMISSION AND EVIDENCE

46. The Egg Board called as witnesses, Walter Siemens, currently and at the time period covered by this appeal, a registered producer and Egg Board member; and Katie Lowe, currently Executive Director of the Egg Board. She was employed by the Egg Board throughout the time covered by the appeal in different roles, penultimately Interim General Manager. The witnesses provided evidence on behalf of the Egg Board as a panel.
47. As a board member that attended meetings of EFC on behalf of the Egg Board, Mr. Siemens explained to the panel the annual national allocation cycle with interim adjustments, and confirmed that the Egg Board would be required to pay liquidated damages on behalf of its producers from levies where the province over produced its allocation.
48. Mr. Siemens testified that as context to this appeal, in 2015 the rules for construction and types of bird housing were changing and had not been settled nationally to an extent that provided certainty to producers who wished to re-invest in the industry through growth or expansion. In his view, meeting the expectations of consumers for production standards was very important to support the industry's social licence to produce eggs. He testified that during this time, there were reduced imports from the US due to AI, which was about a five to seven per cent loss of the total Canadian supply. He reported the US was seeking eggs from Canada in early 2015.
49. Mr. Siemens acknowledged the Egg Board's obligation to the consumers of British Columbia to match supply of eggs with demand and noted that early in 2015, supply was not meeting demand and this was a significant concern, as British Columbia was producing only about 90% of its allocated amount.

50. Mr. Siemens testified that registered producers produced according to their quota holdings with enhancements from quota credits which are derived from quota. He indicated that most producers used a computer software program to assist with timing of placing birds and establishing the number of chicks required to meet the expected outcomes based on a 12 month cycle.
51. Mr. Siemens advised that the Egg Board's members discussed how to bring production of eggs in British Columbia up quickly to satisfy demand at several meetings prior to the program announcement on July 3, 2015. Ms Lowe confirmed that the Egg Board met and discussed how to increase production on at least two occasions, May 27 and 28, 2015 and June 30, 2015, and considered two options to quickly enhance production, based on staff advice.
52. The Egg Board June 30, 2015 meeting minutes reflect that:

EFC has granted the BC Egg Marketing Board 100,000 hens of special EFP Allotment. The intent of this program is to provide short term relief for the shortage of eggs to the processing market resulting from the reduction of imports due to Avian Influenza in the US.
53. During the meeting, staff requested that Egg Board members consider two options, issue the production allotment on a first available, first filled basis to maximize production for the Christmas season or issue it on a pro-rata basis, which the minutes show would be the less efficient option to utilize the EFC's temporary market growth allowance.
54. The June 30, 2015 meeting minutes reflect the following:

After some discussion the Board decided to go with Option 1 as this would be the most efficient method for producers and allows BC the ability to obtain an addition (sic) 35,000 hens through the Temporary Market Growth Allowance.
55. At the same meeting, Ms Lowe advised that by the end of December, 2015, 52% of a new quota issuance would be in production.
56. As noted earlier in this decision, the Egg Board announced its temporary MGA program on July 3, 2015.
57. At the October 24, 2015 meeting, Ms Lowe advised the Egg Board that "staff has seen a sizable increase in the amount of CPPs (chick placement permits)" and this contributed to the prediction for over production. Staff noted mechanisms to avoid the early "pulling of flocks". The meeting minutes of October 24, 2015, disclose that when the Egg Board made its decision to end the MGA, effective January 1, 2017, in production week 1 for that year, the Egg Board would be "looking at an early fowl removal program to remedy the situation of possibly running into liquid (sic) damages".

58. Ms Lowe testified that she sent an email to registered producers on October 28, 2015 advising of the Egg Board's decision to end the MGA, the email advised:

The decision took into account producer feedback regarding BCEMB's September letter on this topic, the additional CPPs recently inputted by producers, and best/worst case scenarios provided by staff. Producer feedback correctly pointed out that a gradual phase out would create inequity based on 19 week dates. Guided by the principle of fairness, the MGA will end Week 1 so that everyone is impacted in the same manner.

What this means

Effective Week 1, 2017 your total allowable hens will not include an MGA component.

As of Week 1, 2017 if the total number of birds in your barn exceeds your total allowable hens (2017 Quota Licence), you will need to apply for a quota credit licence for the difference between those two numbers. Updated Quota Licences for 2017 will be sent to producers mid-December 2016.

Considerations will be made for producers who have 19 week placement dates prior to Week 8, 2017 who do not have the quota credits to cover their flock. What we will do in the future

We will continue to monitor our utilization rate and rolling average moving into and throughout 2017. If our projections prove inaccurate and BC is positioned well in 2017; the MGA may be brought back. Alternatively, if the rolling average appears problematic as we move into 2017, the Board is considering an early fowl removal program to help lower provincial utilization. This decision was not made lightly. The Board fully understands the impact this decision has on producers. We have attached projections to this letter to help you understand how we came to our decision.

59. An issue note prepared for the December 10, 2015 Egg Board meeting indicated that "the national egg industry is still in a period of growth and an additional increase in allocation is expected. Approximately 50% of producers are taking advantage of this program to increase their inventories. This represents 80% of producers with available space." The issue note recommended: "That the TMG program continue until July 1, 2017 in order to help keep provincial utilization stable during this period of growth." On this basis the Egg Board increased the MGA program to 6% and extended the program until December 31, 2017. As noted above, the Egg Board advised the industry of the increase in MGA production and the extended date for placement to December 31, 2017 on December 31, 2015.
60. At the same meeting in December, 2015 the Egg Board decided to end the "Fowl removal" program for those producers unable to house 100% of their allocation capacity.
61. Ms Lowe advised that by the time of the September 8, 2016 Egg Board meeting, the utilization rate based on allocated quota was close to 100%. She advised further that staff predicted that at this rate of production increase, the industry in British Columbia would be incurring liquid (sic) damages as of week 8, 2018. Staff recommended to the Egg Board in that meeting that "the 6% MGA be discontinued on 19 week placements that occur March

2017” and that “placements above 3% of their total allowable hens will no longer be approved with 19 week placement dates after March 2017.”

62. As noted previously in this decision, this advice led the Egg Board to decide to reduce the MGA back to 3%, and to consider a reduction of up to 0% (eliminating placements) on or after week 1, 2017. The Egg Board decided it would determine the exact amount for reduction at the next meeting after EFC had a reply from Farm Products Council of Canada regarding the requested quota issuance.
63. Ms Lowe also advised the panel of some details through the use of graphs and noted the Egg Board data showed that for the duration of the MGA program, overall:
 - farms categorized medium size (quota from 6,201 to 28,499 hens) participated in the MGA program to the greatest extent (as high as 80%), followed by small size farms (quota under 6,200 hens) (from 40-50%) and largest farms (quota over 28,500 hens) the least (15-30%);
 - 125 of 135 producers, participated in the program, and commented that this was well over 70% of producers; and
 - once the program was well underway, the utilization rate spiked quickly so that staff anticipated a 104% utilization in week 1653. In an issue paper Ms Lowe prepared for the October 24, 2016 Egg Board meeting, Ms Lowe describes this time-frame as week 8, 2018.
64. Ms Lowe reminded the panel that the Egg Board would be required to pay liquidated damages on amounts of production exceeding 100% utilization as determined by EFC.
65. Ms Lowe testified that in addition to the emails that staff sent registered producers about the MGA program and the report in the Scrambler, Egg Board staff attended the regular monthly meetings of the BC Egg Producers Association to provide updates.
66. The Egg Board submits that it:
 - focused on market needs in establishing the MGA program,
 - monitored the MGA output as closely as practical, given that the program operated in a time of several new quota issuances to producers,
 - provided producers information on an ongoing basis regarding the program,
 - ended the MGA program when it did to avoid incurring penalties for overproduction, and
 - allowed producers to shift MGA program production to quota credit production to avoid early removal of flocks.

PANEL ANALYSIS AND DECISION

67. While the primary purposes of the NPMA are to provide for the promotion, control and regulation of the marketing of certain natural products, including eggs, BCFIRB acting in its supervisory and appellate capacity, has the authority to decide whether regulatory decisions of commodity board are consistent with sound marketing policy.
68. The appellant and intervener acknowledge that the Egg Board's role is to respond to market needs. They conceded their focus is on one aspect of a market response, the lack of fairness to individual registered producers in how the Egg Board put the MGA program in place and ultimately how it ended the program. In result, Mr. Friesen and Mr. Alary submit that in meeting its responsibilities to the public to ensure that producers, graders and processors meet the market demand for eggs, the Egg Board must treat its registered producers equally which they say means, treat their registered producers fairly.
69. The Egg Board submits that its decisions regarding the MGA program were consistent with sound marketing policy because the Egg Board made its decisions to ensure the necessary market response to increased demand for eggs. The Egg Board further submits that it treated its registered producers fairly when establishing, implementing and ending the MGA program. Where the Egg Board and the appellant and intervener differ is in how to determine fairness. The effect of the Egg Board's submission is that it does not believe it is necessary for every producer to take up the program to its full extent in order for their decision to be fair. In other words, not every registered producer need achieve the same benefit (determined by degree of participation) from the program in order to be fair. The appellant and intervener say that the program would be fair if every producer was allowed its full access to the program based on each producer's quota holdings. The appellant conceded it may be impossible to end a program without some minor discrepancies between producers, but because of the hasty closure of this program the result was not "close enough" to be fair.
70. This appeal is at its core about determining whether or not the Egg Board made its decisions regarding the MGA in a manner consistent with sound marketing policy and if so whether it did so in a principled way that address the appellant and intervener's concerns regarding fairness.

Sound Marketing Policy

71. It is clear to the panel that the Egg Board, through the market information it acquired at the national level as a member of EFC and the direct contact from graders and British Columbia's processor, was aware that in late 2014 and early 2015 the British Columbia egg industry was not meeting the consumer demand for eggs. On this, there does not appear to be any dispute.

72. The Egg Board provided evidence that it took its responsibility to meet consumer demand seriously and the Egg Board was engaged in a national negotiation for quota allocation increases for EFP and table eggs. Once achieved, the Egg Board was aware there would be a time delay in translating these increases into actual production. The Egg Board explained that nationally the housing standards for hens were being reviewed with an expectation for change. Producers were unsure of how to expand their operations (barns and facilities) to be consistent with the evolving national standards.
73. The Egg Board determined it needed to consider another approach to increasing egg production while the new quota allocations led to actual production, based in part on new infrastructure to produce increased barn space. The Egg Board analysed “barn capacity” available in early 2015 and made a decision that there was enough surplus to establish a temporary program, so that if the existing barn space was utilized fully, some of the demand would be met.
74. The Egg Board announced the temporary MGA program in July 2015, recognizing that it was an interim program to bridge the gap before the full implementation of the new quota allocations. The panel agrees with the Egg Board that a bridge program applying a “first available, first fill” approach to existing surplus barn space to supplement current production until the implementation of the new quota allocations was a valid mechanism to achieve some immediate production increases.
75. The panel concludes that the MGA program was consistent with sound marketing policy.

Sound Decision-making

76. In order to respond to the concerns of the appellant and the intervener, the panel must evaluate whether or not the Egg Board adopted, implemented and ended the MGA program in a principled and fair manner. BCFIRB has adopted the application of what it refers to as SAFETI³ principles as a means of determining whether or not decisions meet its expectations of sound decision-making. The Egg Board argues that its decision to adopt, implement and then end the MGA program is consistent with sound marketing policy and BCFIRB’s SAFETI principles. We have applied the SAFETI lens below and agree.
77. **Strategic.** The Egg Board explained that its long term objective was to negotiate and achieve quota allocation increases and therefore more production through the national system. It has identified two “strategic imperatives” in its latest business plan: to more powerfully market eggs to meet the evolving desires of consumers; and, to be a driving force

³ The “SAFETI” principles have been developed by BCFIRB in consultation with the commodity boards it supervises to support a principles based approach to decision-making by commodity boards to carry out their responsibilities. SAFETI stands for “Strategic”, “Accountable”, “Fair”, “Effective”, “Transparent”, and “Inclusive”.

to better match supply and demand in the industry. In order to achieve these strategic imperatives, the Egg Board plans to influence a shift in allocation policy at the national level to a more proactive approach. This would avoid, in the absence of production interruption, the situation of catching supply up to meet demand. The Egg Board considered the implementation of the MGA program a key element of an interim strategy to increase production as it influenced a better predictive national allocation system. The panel agrees and finds the MGA program to be consistent with the Egg Board's longer term strategy regarding the national annual allocation process.

78. The Egg Board describes the termination of the MGA program effective Week 1, 2017 as a strategic necessity to prevent British Columbia from becoming liable to pay liquidated damages on account of over production. It says it would not have been strategic to permit certain producers to over-produce when additional production was not required and to do so would not be market-responsive and could result in the Province paying liquidated damages. The panel agrees.
79. **Accountable.** In this hearing the Egg Board identified accountability to several parties – the consuming public, registered producers, graders, and a processor. There are a few others, but certainly these are important. The Egg Board took into account the interests of these parties in developing the MGA program. Its ambition to increase supply reflected its accountability to the consumer and responded to the needs of the graders and processor. Its reliance on and communication with registered producers reflected a primary accountability. The communication included direct emails pertaining to significant program implementation details, general communication through the Scrambler publication and producer meetings.
80. In considering the adequacy of this communication, the panel turns to the requirements of the Scheme and past directions of BCFIRB regarding the Egg Industry Advisory Committee (EIAC). Based on the evidence the panel heard, it appears the Egg Board omitted to refer the matter of the proposed MGA program or any changes to it, to the EIAC. Doing so would have ensured broader consultation with members of the production chain for example, hatcheries and feed suppliers, and in addition to ensuring the members of the EIAC were kept up to date directly by the Egg Board, the EIAC may have provided the Egg Board with useful information. On balance, despite the omission, the panel finds that the Egg Board met the expectations of accountability.
81. **Fair.** The appellant and intervener argue that because not every producer could access the MGA to the same extent, the uneven uptake of the program resulted in unfairness. The panel's primary focus for the fairness test is on process. Taking into account the type and frequency of the communication to producers, which was direct through emails and indirect through the Scrambler publication and producer meetings, the panel concludes producers had sufficient information to be informed about the program and to make operational choices on this basis. In the program announcement (July 3, 2015) and the program adjustment announcement (December 31, 2015), the Egg Board advised producers it would monitor

production and the program would be terminated as necessary. The Egg Board exceeded its commitment to quarterly communication.

82. The panel agrees with Mr. Alary, “there was a lot going on” as the Egg Board attempted to get production up through the MGA program and at the same time it was implementing the quota allocation. The panel is satisfied, based on specific email communications introduced as evidence, that staff at the Egg Board assisted producers by answering specific questions asked by individuals to assist with their operational choices. The panel finds the Egg Board was fair in communicating program expectations and details to producers.
83. A central issue for the appellant and intervener appears to be that because of individual circumstances and the production cycles specific to their farms they could not avail themselves of the same amount of program production as others. They each had to consider their individual barn space, their ability to access chicks for placement, the production cycles of the hens, and their production priorities arising from rules connected to production of quota holdings made complicated by the acquisition and implementation of new quota allocations. As Mr. Alary put it with respect to trying to accept and integrate new growth from new quota allocations into his farm while trying to produce for the MGA program – “what a problem to have”. As an incentive to encourage quick response to the MGA program, the Egg Board did not require producers to pay a levy on production from the MGA program. The Egg Board intended the program to be a “first available; first fill” program and announced it as such.
84. The panel agrees with the Egg Board that it had no obligation to ensure that all producers could participate in the same way. The MGA program was simply a temporary bridging program to fill a gap before all new quota allocation could be in production. Every producer faced the same production rules and requirements, some because of timing and production space could respond more quickly and fully than others. Consistent with an earlier decision of BCFIRB, we find that it was not necessary for the Egg Board to consider the impact of its policy on the individual financial circumstances of a producer (*Kuszyk dba Three Gates Farm v. British Columbia Chicken Marketing Board*, (BCFIRB, Dec 24, 2010, corr Jan 4, 2011).
85. The graphs provided in evidence by the Egg Board confirmed Mr. Alary’s understanding that smaller farms did not participate at the same rate of frequency in the MGA program as medium size farms, so they took advantage of the MGA program production on which no levy is payable at a lower rate than medium sized farms. Interestingly, farms in the large category (over 28,500 hens of quota) participated the least. Individual producers availed themselves of the program to differing degrees because of their own unique circumstances. All producers with excess barn capacity were able to access the MGA program production.
86. The other concern that Five-Fry raised, that the absence of transitional provisions in the program resulted in unfairness, in our view, has no basis. It is true that the MGA program

did not specifically identify transitional provisions, but we find the program effectively incorporated transitional provisions. No birds were removed from producing before their full life cycle was complete, because the Egg Board directed that MGA program production could shift to quota credit production related to the implementation of new quota production and all producers could receive new quota during the period of the MGA program. The panel finds no unfairness to the appellant or intervener arising from the Egg Board's decision to end the MGA program because of the lack of transitional provisions.

87. **Effective.** The appellant raised the concern that the Egg Board could not have known if the MGA was effective, despite its announcement that the program had been a success, because the Egg Board had not established a performance measure to evaluate the program production against. The panel agrees with Five-Fry to this extent, from the evidence presented by the Egg Board, there did not appear to be a simple way for the Egg Board to disaggregate the production arising from the program from the total production as shown in its graphs predicting when production would exceed 100% of allocation. The panel notes however that there could have been some tool to do so. The MGA program production did not attract a levy charge and presumably the Egg Board could have calculated the total production from the MGA program per week. Because they had this capability, a performance measure could likely have been developed and monitored.
88. The panel accepts the Egg Board's evidence that it tracks total egg production carefully and is able to predict production outcomes for several weeks in advance. The panel also accepts the Egg Board's prediction of the time when the industry was going to be in a penalty situation. From all the evidence presented, it is clear to the panel that the establishment of the MGA program was effective in stimulating additional production until producers could produce eggs from the newly issued quota allocation. Similarly, the panel concludes that the Egg Board was effective in ending the MGA program when it did to avoid penalties as liquidated damages for overproduction of eggs, on behalf of the producers. It is possible that a performance measure could have given the Egg Board an additional way to evaluate the effectiveness of the program, but the panel finds it was not a requirement to do so due to the ability of the Egg Board to track total production and to accurately predict when it was likely to exceed 100%. Finally, the panel concludes that the Egg Board's failure to establish and report on a performance measure for the program was not determinative of the effectiveness of the MGA program.
89. **Transparent and Inclusive.** These principles are somewhat linked to the accountability and fairness principles discussed above. The panel finds that the communication tools the Egg Board adopted to explain the MGA program details made it clear to all registered producers what to expect from the program and with the exception of the apparent omission of consulting with the EIAC, the affected or interested parties received the relevant information. As noted above, it is clear that individual producers may have availed themselves of the program to differing degrees. This was because of their own unique circumstances, not because of the lack of information about the program on which they were

able to make their individual production choices. The rules applied equally to all and did not arbitrarily favour some producers over others. The panel concludes that the principles of transparency and inclusivity were met by the Egg Board when it made its decisions regarding the program.

Conclusion

90. The panel concludes, based on its analysis of sound marketing policy and its application of the SAFETI principles, that the Egg Board did not err in its decision to end the MGA program. Further, the Egg Board developed adequate transitional provisions for the MGA program as it evolved. All producers benefitted from the preservation and expansion of their markets and the strengthening of their industry through this innovative measure of the MGA program. The panel dismisses the appeal.

ORDER

91. The appeal is dismissed.

Dated at Victoria, British Columbia, this 30th day of August, 2017.

BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

Per:



Daphne Stancil, Presiding Member



John Les, Chair



Diane Pastoor, Member

From: [Harvey](#)
To: stephanie@bcbhec.com; "[Allan Cross](#)"; billvanderspek@bcchicken.ca; "[Ray Nickel](#)"; [Katie Lowe](#); "[Amy Alibhai - BCEMB](#)"; "[Michel Benoit](#)"; "[Vic Redekop](#)"; [Steve Heppell](#); "[Christine Rickson](#)"
Cc: [Christine Koch](#)
Subject: Mandatory Insurance - BC FIRB Update
Date: September-07-17 10:44:31 AM
Attachments: [2017-09-07 Review Update.docx](#)

Good morning!

Allan and I just completed a call with BCFIRB staff Kirsten and Wanda to provide an update on the status of the Review. I have attached a two-page update for your reference that we shared with BCFIRB. The questions raised by FIRB included (and response):

- Options for delivery – do they exist?
 - This will be covered in the Phase 4 Report. There is at least one private insurance company offering a product and the reciprocal in Ontario and CEIRA.
- Process to engage FIRB in the Review
 - It is expected that FIRB will be engaged if the collective boards and commission agree to proceed with mandatory insurance to seek BCFIRB prior approval.
- Authorities – ensuring clarity under what authority the various components of the Fund are linked to.
 - NPMA for use of levies for the Fund; to support, if required an insurance company
- Impact and effects of the decision – direct and indirect
 - Permit holders and non-regulated sector impact
 - Risk mitigation strategy components; rapid response plan; enhanced surveillance

I am expecting the results of the actuarial assessment next week which will enable me to complete the draft Phase 3 report. This will also enable the drafting of the Phase 4 report prior to a MISC meeting in late September.

Allan indicated the BC FIRB was making the rounds next week, so please feel free to share the update with your Board members in the event that Mandatory Insurance comes up in the discussions.

Thanks

Harvey

Mandatory Insurance Review

September 2017 Update

Issue

- Review update with BC Farm Industry Review Board staff, September 7, 2017

Background

- The Mandatory Notifiable Avian Influenza Insurance Review (the “Review”) is a five phase review intended to provide the regulated poultry boards and commission in BC with the research and analysis to determine whether or not to apply the authorities granted under the *Natural Products Marketing (BC) Act* (the “*NPMA Act*”) to require producers to maintain insurance against losses resulting from Notifiable Avian Influenza (NAI) discoveries.
- The regulated poultry boards and commission must ensure that the application of the requirement is in keeping with sound marketing policy.
- Phase 1 of the Mandatory Insurance Review established that the financial consequences of discovery of a NAI are significant for the poultry industry in BC.
- Phase 1 concluded that a financial response was required to address the extraordinary cost of infected premise C&D.
- Phase 2 further assessed the existing financial and policy supports available; identifying gaps and recommending options for addressing any gaps identified.
- The primary gap relates to the federal and provincial government policy position to not support future use of AgriRecovery to address the extraordinary costs of infected premise C&D.
- The lack of a formalized financial response to cover the extraordinary costs of infected premises C&D limits the boards’ and commission’s ability to facilitate the recovery of the poultry industry and the timely return to a system of orderly marketing.
- In March and April 2017, the poultry boards and commission affirmed that intervention through the commitment of financial support to off-set the extraordinary costs of infected premises C&D accords with sound marketing policy.
- The boards and commission have agreed in principle to establish a mandatory Infected Premise C&D Cost Recovery Fund.
- In July 2016, the boards and commission posted a draft Decision Note to establish a mandatory Infected Premises C&D Cost Recovery Fund to cover the extraordinary costs of C&D of infected premises for future NAI discoveries as well as provided direct notification to industry associations and key stakeholders requesting feedback on the proposed Fund.
- The rationale for the Fund has been made available to industry stakeholders.
 - The boards and commission have requested stakeholder feedback by September 15, 2017.

Discussion

- Limited feedback to the posted draft Decision Note has been received to date.
 - The BC Chicken Growers Association has provided a formal response, indicating that until the cost and share of costs is provided, it is difficult to provide a fulsome opinion.
 - Two comments from individual producers have also been received indicating that due to location and size, they should not be required to participate in the Fund.
- Phase 3 is intended to conduct the requisite due diligence to support the regulated poultry boards and commission decision making process and establish if the conditions of insurance exist.
 - This work is dependent on the completion of an actuarial assessment which is in progress.
 - Limiting coverage to the extraordinary cost of infected premise C&D required significant modification to the actuarial model previously utilized for NAI insurance in BC.
 - The work will result in identifying the expected losses for various scenarios of NAI discovery as well as break down the losses by sector.
 - The results will enable the initiation of discussion on proportionate shares to be funded by each sector.
 - Given the nature of the risk, and the initial work done, the fundamentals for insuring the cost of infected premise C&D exist.
- Phase 3 of the Review will provide the boards and commission with
 - The basis for determining the need to transfer the risk associated with the Infected Premise C&D Cost Recovery Fund.
 - The costs, benefits, advantages and disadvantages to transferring the risk through insurance.
 - Enable the Phase 4 work – Do viable insurance delivery mechanisms exist?
- Other initiatives within the context of the overall poultry disease risk mitigation strategy must also be taken into consideration.
 - Advances in emergency response – rapid response plan.
 - Industry potentially assuming costs of response.
 - Advances in enhanced surveillance – greater potential for NAI discovery.
 - Biosecurity is not a means to the end – biosecurity cannot prevent incursion from happening.
 - Market closure implications
 - Non-commercial/non-regulated sector implications

Summary

- Once the actuarial assessment has been completed to enable the finalization of the Phase 3 draft report, the Mandatory Insurance Steering Committee will meet.
- Work is progressing on the Review with the intent of enabling the boards and commission to make decisions by the end of October.

4.11 EFP Phase Out

Issue:

As of week 34, 2018 BC's temporary allotment contract for the 100,000 EFP quota is set to expire.

Goal:

1. End the EFP contract as requested by Vanderpols
2. Reduce the additional birds placed under the EFP program to zero in a manner that is equitable and fair to all of our producers.

Background:

The EFP Program was a three year contract that started in week 34, of 2015. As such, the contract can either be renewed or expire as of week 38, 2018.

Management emailed three options to Mike Vanderpol for his consideration on September 12:

- Program immediately ceases week 34, 2018
- Gradual Phase out over roughly 18 months beginning week 34, 2018 (Administratively this would be challenging to monitor and track)
- Program ceases week 52, 2018

At this time Mr. Vanderpol has confirmed that his needs are being met fully by the IP Program and as of week 34, 2018 he will no longer require any EFP product. Vanderpols does not want to extend/renew the contract. The communication between staff and Vanderpols can be found in the subsequent documents.

Losing the 100,000 EFP quota is going to increase our 2018 utilization rate by 1.44% $((34-9)/52*.03)$.

Options to end the program:

1. Drop dead date as of the first removal after Week 34, 2018
 - From week 35 onward - the producer's first placement will lose their full EFP allotment.
 - Could add a caveat that if a producer has a flock that is older than 75 weeks that they will also lose their full EFP allotment (to prevent the 100 week old flock scenario)
 - If an allocation is received, take the quota allocated to each producer and lower their EFP by a proportional amount.

Pro's	Con's
This option will put the pressure towards lowering the Utilization Rate	Will impact producers differently
Efficient	Some producers will go negative QCs
Administratively simple	Not enough notification?

2. Gradual Phase Out over 15 months (starting now)
 - From week 35 onward – freeze a producers EFP and convert it into a temporary allotment similar to the MGA
 - If an allocation is received, take the quota allocated to each producer and lower their EFP/MGA by a proportional amount.

Pro's	Con's
Will provide producers with the time that they need to adapt	This option will put the greatest pressure towards increasing the Utilization Rate
Efficient	Bringing back a MGA-like program this soon after an appeal
Administratively simple	

Staff Recommendation:

Before a decision can be made the BCEMB 2018 inventory forecast needs to be completed so that we can establish how we are poised for the New Year.

- Staff will have 2018 inventory prepared and handout at October board meeting

At this time, staff is of the opinion that a gradual phase out program has a more upside and would be the preferable strategy for ending the EFP program.

From: [Ken Ho](#)
To: [Katie Lowe](#)
Cc: [Mike Vanderpol](#); [Joey Aebig](#)
Subject: FW: EFP Program End Strategy
Date: September-20-17 9:58:16 AM
Attachments: [image001.png](#)

Hi Katie,

We would like to see the program gradual phase out starting the Q2, 2018 and completely cease by week34, 2018

Thanks

ken

From: Mike Vanderpol
Sent: Monday, September 18, 2017 10:43 AM
To: Ken Ho
Subject: FW: EFP Program End Strategy

Ken any further thoughts?

Mike
O (604) 857-4525
M (604) 807-2535

From: Katie Lowe [<mailto:KatieL@bcegg.com>]
Sent: September 12, 2017 9:00 AM
To: Mike Vanderpol <mvanderpol@vanderpolseggs.com>
Cc: Joey Aebig <JoeyA@bcegg.com>
Subject: EFP Program End Strategy

Good Morning Mike

In week 34, 2018 BC's temporary allotment contract for the 100,000 EFP quota set to expire. From our previous conversations it is my understanding that you no longer require the additional product as it is being fully supplied through the IP Program. As such, the EFP program can wind down with the contract's expiration.

I'd like to ask for your input on how you'd prefer for the program to close. I see the following options available:

1. Program immediately ceases week 34, 2018
2. Gradual Phase out over roughly 18 months beginning week 34, 2018 (Administratively this would be challenging to monitor and track)
3. Program ceases week 52, 2018

If you could let me know your preference I will develop a strategy for the phasing out the program to take to the Board. If you have any other thoughts around how to end the program please feel free to share. I am available next week (Monday and Tuesday) to discuss these options in person as well.

Thank you,

Katie Lowe, PAg
Executive Director



250-32160 South Fraser Way
Abbotsford, BC V2T 1W5
Direct: 604.854.4490
Cell: 778.242.4490

4.16 MarComm Update

I'm pleased to provide the board with a brief update on some of the key tasks I've been working on.

Egg Stamping

Attached to this agenda item are copies of the farmer questionnaire and consent form we are using to put together the individual farmer pages on the website. The questionnaire clearly indicates which questions are optional. The consent form has been vetted by our lawyer and is ready to use.

Farmer Ben's began stamping their eggs on September 27.

Meet the Farmer Video Series

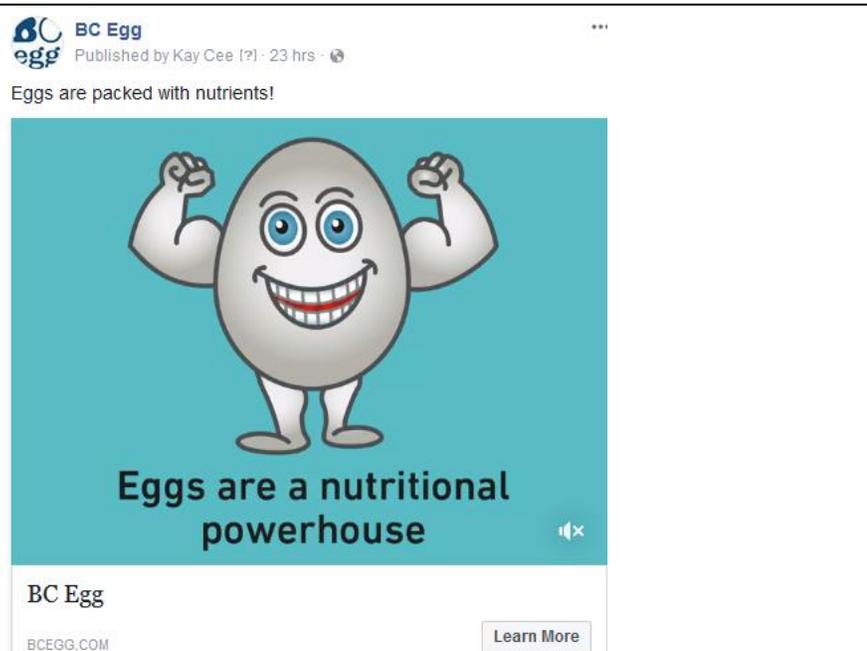
Each video costs us approximately \$2,500 to produce (more for our Island videos due to travel expenses). EFC will rebate us 70% of those costs (up to \$20,000) at the end of the year as part of the Provincial Extension Fund. As an aside, I used the rest of the Fund to extend the U&A research.

Advertising

Here some examples of the various ads we've been running.

<p>Print Ads in magazines</p>		
<p>Digital Ad (This is a flash ad and rotates between all three images)</p>		<p>Nutritious, Delicious Eggs</p> <p>Large eggs contain 6 grams of protein, 5 grams of fat, and 70 calories.</p> <p>A large egg also contains 50% of your daily requirement of Vitamin B12.</p> <p>BC egg</p> <p>Visit bcegg.com for recipe ideas.</p>
<p>Radio Ads</p>	<p>Please visit our website to listen to the ads: http://www.bcegg.com/farm-to-table/bc-egg-producers</p>	

Facebook Promoted Post (this ad is a six-second flash graphic that rotates between several slides promoting the health benefits of eggs. We have a similar one that explains how eggs get from the farm to the store.)



Quarterly Updates to Retail

We send a quarterly message to several retail outlets (Overwaitea, Choices, HY Louie, Sobeys, Golden Valley, Burnbrae, Vanderpol's, and A&W). This most recent communication was sent in the last week of July.

It is a busy summer here at BC Egg. We are participating in three upcoming agriculture fairs with the goal of educating people about where their food comes from. We've purchased a custom-built enriched cage in which we'll house 30 live hens – this will be the centrepiece of our display (see attached photo). Farmers will be on hand to answer questions and we'll have some fun, egg-related games for children. You can find us at the Abbotsford Agrifair this weekend as well as at Lepp Farm Market's From the Farmers Field event on August 12 and 13, and finally, we'll be at the PNE from August 23 to September 4.

BC Egg was pleased to participate in [Western Grocer](#) magazine's feature on baking ingredients (July/August 2017). The article talked about trends in baking and BC Egg highlighted the move towards cage-free production.

We have recently introduced new specialty certification standards to our cage-free producers. Training sessions were held last week and we plan on launching the new standards publicly in October. These standards build on the new Codes of Practice the National Farm Animal Care Council released in March. We've made the rules around free-range production more rigorous than the Code by specifying the number of days hens must be outside in order to qualify as free-range eggs. The new standards state that the hens must be outside for one-third of their laying life (or about 120 days). Consumers can be confident that the eggs that carry this new certification standard meet the highest level of animal care. We don't have a name for the new standards yet. Focus group testing

takes place over the next 10 days so we'll share the final name and logo with you as soon as we have it. We would love to meet with you to explain the new certification standards in person. Please let us know if you would like to learn more about the standards.

Finally, we have released a couple of new videos in recent weeks. The newest addition to our Meet the Farmer series features organic egg farmer [Rob Martens](#). Rob also stars in the video we created with the BC Lions to explain how eggs get from the hen to the table. This [light-hearted video](#) shows BC Lions star Manny Arceneaux visiting a farm, grading station, and grocery store in an attempt to get eggs for his breakfast.

As always, I am available to answer any questions you may have or to arrange a farm tour for your staff. Please let me know if I can be of any assistance.

The next planned communication is scheduled for October and I will provide the group with a review of our most recent focus group findings as well as other research we have access to.

September 27, 2017

Ms. Kirsten Pedersen
Executive Director
PO Box 9129 Stn Prov Govt
Victoria, BC V8W 9B5

RE: Quota Assessment Tools Evaluation Follow-up Questions

Thank you for providing BC Egg with the opportunity to answer the follow-up questions prior to the October 2, 2017 meeting.

Proposed Egg Board Change #1 – Eliminate LIFO and 10/10/10 Transfer Assessment on all Quota Issued after 2005

In order to answer the questions outlined for this proposed change, BC Egg will first analyze how effective LIFO and 10/10/10 are at meeting the policy objectives established by BCFIRB as part of sound marketing policy. A full SAFETI Analysis of the policy against each of the policy objectives is attached.

- Quota is intended to be produced.
 - Producer perspective – LIFO and 10/10/10 meet this objective. The prospect of losing all or a portion of their quota is an excellent incentive for producers to keep issued quota in production and not transfer it.
 - Stakeholder Perspective – LIFO and 10/10/10 do not meet this objective. When quota is assessed and held in the Board reserve, it is not being produced. In order to get this quota into production, the Board must either issue it or temporarily allot it to producers. This would only be an issue if there was a large amount of quota in the reserve, however any amount of quota not being used means that the industry is shorting the market.
- Producers are actively engaged and committed to the industry.
 - Active Engagement - LIFO and 10/10/10 do not meet this objective. In order for this objective to be met, BC Egg implemented an order that stated that producers must be actively engaged in order to receive quota issuances, both growth and new producer.

The criteria to determine active engagement are outlined in Part V of the Orders. The Board recognized that there were a few issues with that method in regards to determining active engagement which prompted further changes to the Orders that were reviewed and approved by BCFIRB in the spring of 2017. BC Egg has not yet implemented those changes as it would cause less confusion amongst producers if those changes were implemented along with any changes that may arise from this review as it was the original intent of BC Egg to implement all changes at once. As per the BCFIRB directive issued September 25, 2017, those changes will be implemented as soon as possible.

- Committed to the Industry – LIFO and 10/10/10 are effective at ensuring that producers remain committed to the industry. The changes that BC Egg made to the Orders in the spring will help to ensure that, even without LIFO and 10/10/10, there will continue to be Orders that ensure commitment.

BC Egg remains committed to this objective and will work to ensure that any policy changes continue to meet this objective.

- Quota is available to commodity boards to support policy objectives, including development of specialty markets and providing for new entrants in the supply management system. LIFO and 10/10/10 do not meet this objective. While the concept is sound and appears as though it would ensure there was quota available, it has not been successful in providing enough quota to support the policy objectives (New Entrants and Market Development).

Over the last 11 years, LIFO and 10/10/10 have been successful at obtaining just under 20,000 quota units to support the policy objectives. This would support one new entrant every 2-3 years which falls short of BC Eggs commitment of starting two new entrants each year. In addition to failing to meet policy objectives, it is also hindering quota transfers as outlined in the BC Egg submission. This in turn, does nothing to reduce barriers to entry.

BC Egg recognizes that LIFO and 10/10/10 were meant to be one mechanism of ensuring quota was available for policy objectives and that it is reasonable for BC Egg to have additional methods of ensuring quota is available for those policy objectives. Our consultation and research have provided evidence that LIFO and 10/10/10 are in fact detrimental to the industry and, as alternative policies must be relied upon either way, LIFO and 10/10/10 should no longer be supported.

It is important to understand that BC Egg recommended eliminating LIFO and 10/10/10 because the policy was not meeting the objectives as outlined by BC FIRB as part of sound marketing policy as well as their detrimental effects on quota movement.

- 1) *How does the elimination of LIFO and 10/10/10 benefit the industry strategically in the long run and how does this tie into BC Egg's long term strategic goals and vision for the industry?*

BC Egg's vision, from the 2015 Strategic Plan, is to have a cohesive, sustainable and growing BC egg industry that meets the needs of consumers while being socially and environmentally responsible.

Industry renewal depends on the ability of producers to expand their operations, pass farms down to future generations or exit the industry and provide opportunities for new entrants. These processes are integral to industry sustainability and growth. Removing LIFO and 10/10/10 would reduce restrictions on producers and provide for a more free transfer of quota, this would reduce barriers to entry and reduce the disincentives for

producers wishing to exit the industry. While this seems as though it is a short term goal, related to a specific situation at a specified point in time, it is an issue that will continue in the long term.

Holding per-capita consumption rates constant, as the population continues to grow the egg industry will continue to grow as well. This will lead to periodic increases in quota and each time the industry receives growth, the disincentive to transfer will be present again and renewed for the next 10 years. In the last 20 years, there have been 9 quota increases, averaging one quota increase every two years. With each new increase, the “finish line” is extended.

The industry will benefit from the increased availability of quota in all situations; the neutral growth situation would be required to remain for greater than 8-10 years in order to positively impact quota transferability. In the 1980's and 1990's, the industry experienced declining growth. In this situation, producers had received an issuance in 1979 and their first reduction in 1980. In the event that LIFO and 10/10/10 were in effect at that time, this would have been an even greater disincentive for producers wishing to transfer quota as the LIFO and 10/10/10 assessments would compound the National reduction.

- 2) *The Egg Board reports that the ability to freely transfer quota without assessment is important for producers to be able to afford to renovate their farms in the face of changing consumer demands. Please expand on:*
- a. *Why transferring quota is necessary to finance investments, as opposed to using operating profits and/or loans based on cash flow, as would be the case with non-supply managed businesses?*

Page 26 of the BC Egg submission states:

“In many cases, these producers will need capital to finance this transition. Being able to sell a small amount of quota on the exchange will help them to make the transition.”

The above statement was not intended to suggest that quota transfer is necessary to finance industry transition. The intention our submission was to fully explore the effects of our proposed changes to all stakeholders.

For the seller, it is entirely plausible that the proceeds from the sale of quota would be reinvested into new capital and barn renovations. For the purchaser, there would be more liquidity in quota, which would make quota more accessible and reduce access as a barrier of entry, benefiting new producers as well.

The consumer is unaffected because the overall provincial production remains unchanged; however, the distribution of the quota between the two parties has now changed to allow both parties to be at their desired production levels.

In addition, banks do not make loans based on cash flow only. They look at a combination of things including security value (Cost, current value and forced sale value – for land, buildings and quota); cash flow to debt service coverage; working capital; debt to equity; and management history. In some cases cash flow may be weighted more than in others, but there is still some value placed on the asset value as well, and rarely is a loan based on cash flow only.

So, if a producer were to obtain a loan without transferring quota, the banks would still care about the value of quota (recent trades) and its liquidity. The liquidity helps the bank assess a forced sale value [FSV]. FSV is the value they put in their reports outlining what the asset would be worth if they had to sell it quickly or in a down market.

- b. *How does transferring growth quota received for free from a commodity board for a monetary return – as opposed to existing quota traded or sold between producers in the marketplace – align with the principle that quota is a right to produce, that it is intended to be produced and that it is not property?*

While, on the surface, it appears that growth is received for free, producers have invested equipment, time, effort and levies to make that growth happen. All producers must be actively engaged and committed to the industry in order to receive their growth issuances. A producer must house the hens prior to receiving the growth issuance. The producer has invested capital and management into any quota unit they have a licence to produce prior to obtaining the ability to transfer it to another producer or new entrant.

As the producer must house the hens prior to receiving the quota issuance, that producer must also pay levies on the issuance. Levies contribute to the regulation of the industry and the marketing of the product. Levies are paid on all quota units in production. Without the producer's investment in the administration, regulation and marketing of the industry, the growth would not have occurred.

Producers are directly responsible for the growth that occurs in the industry, it is not obtained for free. The quota is produced by the producer who receives it from the Board. As with all quota, producers are well aware that quota is a licence to produce and not property. This was made very clear to producers between 1980 and 1999 when the industry experienced nine quota reductions. Once a producer obtains growth quota, it is treated as all existing quota is treated.

- c. *How the Egg Board's rationale aligns with the two principles guiding quota management in BC. Please see Appendix A for a Milk Board document that BCFIRB finds adequately outlines BC's legal framework:*

- i. *The Board is not to assign monetary value to quota, even though it acquires value in the market place when traded between producers;*

BC Egg has not endeavoured to assign a monetary value to quota however BC Egg does recognize that quota acquires value in the marketplace. That market acquired value must be considered, as all financial factors must be considered, when developing policy.

BC Egg did not propose any of the recommended changes using the market acquired value of quota as the responsible driver for change. Many other factors were considered such as how well the current policy is working when compared to objectives and industry efficiencies.

- ii. *Quota remains under the exclusive control of the Egg Board at all points, meaning that a transfer of quota between two producers does not imply a change in ownership of that quota. Quota is a revocable licence and is not property.*

BC Egg recognizes that quota is a revocable licence and not property. BC Egg issues quota licences to all producers. This registers that quota to the producers according to their proportionate ownership in the farm entity that represents that licence number. If the proportionate ownership of that farm entity should change due to restructuring or sale of the entity, the proportionate registration of that quota will change accordingly and a transfer of quota, which must be approved by BC Egg, will be required.

Confusion regarding the registration of quota vs ownership of the farm entity occurs because they are linked in this manner. It is important that the two are linked to ensure active engagement and commitment to the industry as well as industry stability.

BC Egg is not attempting to imply that quota is anything other than a revocable licence in its submission; rather BC Egg is recognizing that the licence needs to be managed in a way that is predictable, fair and equitable for producers.

- 3) *The prohibition against commodity boards in BC assigning monetary value to quota, per the discussion in Appendix A, raises the question as to what role, if any, the Egg Board properly has in seeking to address quota values in the marketplace. The prohibition against attaching a monetary value is inextricably bound with the notion that quota must remain the property of the board. Please expand on the role the Egg Board should play with respect to quota values given the discussion in Appendix A and how you see that role working to the benefit of the industry and the overall public interest.*

BC Egg is a steward for quota in the province. It is BC Egg's responsibility to manage quota in a manner that aligns with provincial and federal regulations as well as the

SAFETI Principles and Sound Marketing Policy. These have been outlined and addressed in the original submission under the Policy Objectives (page 5) as well as under each policy consideration (pages 23 and 26).

The value of quota in the marketplace was mentioned by BC Egg in the submission when discussing the implications of current and proposed policy. The value of quota in the marketplace can be a useful indicator of the effectiveness of a policy and the ability of that policy to increase the transferability of quota and reduce barriers to entry. If quota was readily transferrable, the value of quota in the marketplace should remain constant or decrease. If policies are in place that hinders the transfer of quota, the value of quota in the marketplace would increase.

BC Egg has not recommended any policy changes in the submission for the purpose of addressing quota values in the marketplace. The value of quota in the marketplace has been mentioned in the submission in terms of the effects of current and recommended policies as well as their objectives.

- 4) *If LIFO and 10/10/10 are removed, how does the Egg Board intend to achieve the following policy objectives set out in 2005, namely:*
- a. *Quota is intended to be produced*

For all growth issuances, a producer must place the hens prior to receiving their quota; in addition, the hens must be placed within three years of notification to the producer that the quota is available. Failure to place the hens within three years of notification will result in forfeiture of the opportunity to produce with that quota.

Over the last few years, BC Egg has updated the procedures around quota issuances to ensure that quota is produced in a timely manner.

- 1) For each allocation, producers are given 30 days from the date the quota is available to them to respond to BC Egg with their expected place date.
- 2) BC Egg determines how much quota will remain in the reserve from the issuance and the timeline for placement.
- 3) If quota is not in production in the short term, BC Egg will implement a temporary allotment program for producers who have the capacity and the hens to put the quota into immediate production with a temporary licence. This ensures that the quota is being used.
- 4) Once the intended producer has the capacity and the hens, the quota will be issued. Failure to place the hens within three years will result in forfeiture of the opportunity to be licenced for the growth.

This process has been very effective and there have been a few situations where BC Egg has forfeited the growth opportunity for a producer.

b. *Producers are actively engaged and committed to the industry*

Part III and Part V of the current version of the Orders outline the requirements for active engagement in order to participate in the industry and receive any quota, growth or incentive. This will not change with the removal of LIFO and 10/10/10. As mentioned previously, LIFO and 10/10/10 were not effective in ensuring active engagement. LIFO and 10/10/10 does play a role in ensuring commitment however it also keeps those in the industry where Egg Production may no longer be a good fit.

In the revised Orders, there is a requirement for land ownership in Part IX which ensures active engagement and a strong financial commitment to the industry. When reviewing the requirements in Part III and Part IV of the current Orders, some of the specifications to determine active engagement are subjective while the objective ones would be covered in the requirements of the revised Orders.

c. *Quota is available to commodity boards to support policy objectives, including development and specialty markets and providing for new entrants in the supply managed system*

BC Egg has proposed the Reserve Responsive Assessment along with a 10% hold back on industry growth issued by EFC to accommodate that policy objective.

BC Egg is recommending that the reserve is maintained with a minimum of five years and a maximum of 10 years of quota to sustain the New Producer Program. At this time, our New Producer Program dictates that the BCEMB start two new producers per year so the BCEMB would maintain between 30,000 and 60,000 quota units in this reserve.

This reserve would be funded through both the 5% Transfer Assessment and a hold back on National Quota Issuances.

- If the reserve is above 30,000 quota units, then there would be no transfer assessments applied.
- If the reserve is less than 30,000 quota units, a 5% transfer assessment would apply to all non-exempt transfers.
- If the reserve is above 30,000 quota units but less than 60,000 quota units, a 10% hold back would apply to all National Quota Increases prior to distribution to producers.
- If the reserve is above 60,000 quota units, no hold back on National Quota Increases would apply.

Proposed Egg Board Change #2 – 0% Transferability (non-transferability) of New Entrant Quota for 10 years

BC Egg is recommending a 0% transferability policy for 10 years on the incentive quota which is the initial 3,000 quota units that a new producer receives through our new producer program. This does not apply to growth issuances received by that new producer. Growth issuances will be treated the same for all producers, regardless of how they entered the industry. Throughout the process of the consultation, it became very clear to BC Egg that wherever possible, all producers should be treated the same.

- 1) *How does 0% transferability for 10 years square with the policy objective that quota should be transferable?*

In the case of the new producer programs, where new producers are able to enter the industry with quota that they did not obtain through transfer from another producer, encouragement needs to be provided to ensure that they are not tempted to “cash out.” In this situation, BC Egg has determined that in the case of new producers, the initial allotment of quota must be non-transferrable for a period of time to ensure commitment to the industry. This also ensures that the quota is produced by the person who was intended to produce it. As this is only applicable to the initial incentive allotment and not growth issuances, the opposing policy objectives are balanced.

- 2) *Imposing non-transferability on new entrant quota could discourage new producers who discover the industry isn't a good fit, from exiting. Is this something the Egg Board considered? Does it agree? If not, why? Are there sound marketing concerns with this approach?*

BC Egg is aware of the potential for the 0% transferability policy to discourage new producers who are not a good fit in the industry to exit. The New Producer Program screening process, as outlined in Schedule 1 of the Orders will help to mitigate that risk.

Is there a risk that a change to 0% transferability could potentially motivate ‘poor fits’ to stay for the 10 years, possibly creating a health or safety risk to animals or the industry overall? Is this something the Egg Board considered, does it agree?

BC Egg has mandatory food safety, biosecurity and animal care programs with a stiff penalty policy in place. If any producer is found to be a poor fit, regardless of how they entered the industry, BC Egg will ensure that they either follow the regulations therefore becoming a good fit or their licence to produce will be revoked. This is a significantly stiffer penalty for those who have transferred quota from an existing producer than those who have received their quota from BC Egg through the New Producer Program.

While it is a possibility that the 0% transferability for 10 years could motivate ‘poor fits’ to stay for the 10 years, possibly creating a health or safety risk to animals or the industry overall, the industry has policies in place to mitigate that risk.

- 3) *The prevention of quota flipping/windfall gains is stated by the Egg Board as one of the key reasons behind moving to a 0% quota transfer scheme for new entrants. It is noted that this factor is not emphasized in the proposal to eliminate 10/10/10 LIFO for existing producers. What is the overall industry/public interest rationale for proposing to treat this risk so differently between new entrants and established producers?*

As mentioned above, BC Egg is treating all producers the same in terms of growth issuances, regardless of how they entered the industry. As mentioned in the opening paragraphs producers have invested equipment, time, effort and levies to make growth happen. All producers must place the hens prior to receiving growth issuances so the producer has the permanent barn space, flipping the growth quota at this time would ensure the barn was inefficient.

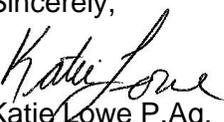
As discussed throughout both this document and our formal submission, before a producer is eligible to receive a growth issuance, their active engagement is required and all producers are subject to the same treatment.

The term “windfall gains” is not applicable to growth issuances; one of the pillars of supply management is matching supply with demand. Over the past 50 years there have been numerous increases and decreases; the producers fully bear and accept that risk.

Conversely, incentive quota issued to new entrants under Schedule 1 of the Orders is earned differently and there is the potential for a “windfall gain” if that quota was sold shortly after its issuance. We are cognizant that this is a tightening of the policy surrounding our new entrants but feel that it will enhance the engagement of our selected applicants.

BC Egg looks forward to our October 2, 2017 meeting to discuss these answers and any further questions you may have.

Sincerely,


Katie Lowe P.Ag.
Executive Director

September 27, 2017

Kirsten Pedersen
PO Box 9129 Stn Prov Govt
Victoria, BC V8W 9B5

RE: Quota Assessment Tools Evaluation SAFETI Analysis of LIFO and 10/10/10

The LIFO and 10/10/10 quota assessment policy was developed as a result of the 2005 Specialty Review in response to the following policy objectives:

- 1) Quota is intended to be produced
- 2) Quota is transferrable
- 3) Producers are actively engaged and committed to the industry
- 4) Quota is available to commodity boards to support policy objectives, including development of specialty markets and providing for new entrants in the supply management system

A SAFETI Analysis of the LIFO and 10/10/10 policy has been conducted against each of the policy objectives.

Strategic

The LIFO and 10/10/10 policy **is not** strategic in meeting the objective that quota is intended to be produced. LIFO and 10/10/10 do not provide a mechanism that encourages to a producer to place hens in their barn and produce that quota. On the contrary, LIFO and 10/10/10 increase the amount of quota that is not being produced as quota reverts back to BC Egg on transfer and is placed in the reserve. The reserve quota is then held until BC Egg issues it to new producers.

Provincial egg boards are unable to allot more quota to producers than what Egg Farmers of Canada has allotted to the province, meaning that unlike the other feather boards, BC Egg is unable to fluctuate its quota pool. As a result, assessments result in a long-term decrease in our total quota pool causing our utilization rate to drop below 100%. This is unfavourable for our producers, graders, processors and markets.

If the objective were reworded to state that quota is produced by the person who was first provided with the licence for that quota, it would be strategic as LIFO and 10/10/10 strongly discourage the transfer of quota.

The LIFO and 10/10/10 policy **is not** strategic in meeting the objective that quota is transferrable. LIFO and 10/10/10 provide a strong disincentive to producers who are wishing to transfer their quota. While BC Egg does not attach a value to quota, producers do. When quota reverts back to the board on transfer, they see a financial impact. With each quota issuance, a producer looks at the date that they will be able to see the full financial benefit of that quota. With each subsequent quota issuance that date is extended further into the future. While producers continue to see this finish line, the disincentive will remain.

The LIFO and 10/10/10 policy **is not** strategic in ensuring that producers are actively engaged and committed to the industry. Nothing within the policy defines active engagement and commitment or provides a mechanism on what a Board should do if that condition is not met as LIFO and 10/10/10 do not come into effect until the quota is allocated to a producer.

It was made clear to the commodity boards that in order to receive a quota issuance, producers must be actively engaged and committed to the industry. As LIFO and 10/10/10 do not ensure this, the commodity boards were required to develop their own tools to ensure this objective was met. This is seen in the requirements for the BC Egg New Producer Program where applicants must provide BC Egg with proof that they intend to be actively engaged and committed as a condition of application. It is also apparent in Amending Order 11 of the BC Egg Marketing Board's Consolidated Orders (Part V) which came into effect prior to the 2014 quota issuance as a mechanism to ensure that BC Egg was not issuing quota to inactive producers.

The LIFO and 10/10/10 policy **is** strategic in ensuring that quota is available to commodity boards to support policy objectives, including development of specialty markets and providing for new entrants in the supply management system. Any policy that includes assessments would be strategic when compared to this objective.

Accountable

The LIFO and 10/10/10 policy **is not** accountable to stakeholders in meeting the objective that quota is intended to be produced as when quota is assessed and not being produced, our utilization rate is below 100% and BC Egg producers are shorting their markets, increasing the number of imports that are required from other provinces or the United States.

The LIFO and 10/10/10 policy **is not** accountable to stakeholders in meeting the objective that quota is transferrable. As this policy represents a disincentive for transferring quota, it is not encouraging the transfer of quota. In a growth situation, this reduces the transferability of quota for at least 10 years which reduces access to quota for both new producers and existing producers, increasing barriers to entry. This policy directly opposes the intent of decreasing barriers of entry from the 2005 Specialty Review.

The LIFO and 10/10/10 policy **is not** accountable to stakeholders in meeting the objective that producers are actively engaged and committed to the industry. Imposing a disincentive on the transferring of quota discourages producers from exiting the industry even when they wish to do so. This creates producers who may not be actively engaged and feel "stuck". They are waiting for the 10 years to expire so they can leave. This situation requires BC Egg to use alternative regulations to ensure they are active or encourage them to leave through other penalties. See Parts III and V of the BCEMB Consolidated Orders.

The LIFO and 10/10/10 policy **is** accountable in ensuring that quota is available to commodity boards to support policy objectives, including development of specialty markets and providing for new entrants in the supply management system. Any policy that includes assessments would be accountable when compared to this objective.

Fair, Transparent and Inclusive

Both the development and the implementation of the LIFO and 10/10/10 policy **was** Fair, Transparent and Inclusive. This assessment is conducted against the three principles directly.

The 2005 Specialty Review was conducted through a large stakeholder consultation that included many perspectives including industry groups, Marketing Boards and Government. Interested parties had the opportunity to respond to the review and marketing board submissions.

All producers are included in the LIFO and 10/10/10 assessments and are affected according to their willingness to transfer quota under the current restrictions. The Board can clearly demonstrate how much quota has been assessed and through which quota transactions.

Effective

The LIFO and 10/10/10 policy **is not** effective in meeting the objective that quota is intended to be produced as when quota is assessed it is not being produced. As mentioned above, provincial egg boards do not have the same flexibility to increase our total provincial quota beyond what EFC has issued the province. This causes our utilization rate to drop below 100% which is unfavourable for our producers, graders, processors and markets.

The LIFO and 10/10/10 policy **is not** effective in meeting the objective that quota is transferrable. As this policy represents a disincentive for transferring quota, it is not encouraging the transfer of quota. In a growth situation, this reduces the transferability of quota for at least 10 years which reduces access to quota for both new producers and existing producers, increasing barriers to entry. This policy directly opposes the intent of decreasing barriers of entry from the 2005 Specialty Review.

The LIFO and 10/10/10 policy **is not** effective in meeting the objective that producers are actively engaged and committed to the industry. Imposing a disincentive on the transferring of quota does discourage producers from exiting the industry however it does not encourage active engagement or commitment. Each of the feather boards have developed alternative regulations or orders to encourage those qualities in producers.

The LIFO and 10/10/10 policy **is not** effective in ensuring that quota is available to commodity boards to support policy objectives, including development of specialty markets and providing for new entrants in the supply management system. The LIFO and 10/10/10 policy is responsible for providing some quota for BCEMB's policy objective however it has not been a meaningful amount. Over the last 11 years, the LIFO and 10/10/10 policy has been successful at obtaining just under 20,000 quota units; this would support one new entrant every 2-3 years which falls short of BC Eggs commitment of starting two new entrants each year. This would leave BC Egg unable to support our policy objectives without the alternate mechanisms that have been created such as a 10% assessment on growth quotas prior to issuance.

Conclusion

Based on the above rationale and policy objectives, overall the LIFO and 10/10/10 policy no longer meets the SAFETI principles as defined by BC FIRB.

6.2a Industry Reserve

As of Week 38, 2017

Summary

1. Quota Issued to Producers (TM1 - Matched)	2,935,442
2. Quota Held in Reserve	73,596
EFC Allocated Quota	3,009,038

Components

1. Quota Issued to Producers:	
Registered Producers	2,893,442
2010 NPP Producers	12,000
2011/2012 NPP Producers	18,000
2015 NPP Producers	12,000
2016 NPP Producers	-
Quota Leased from Reserve	-
Quota Issued to Producers (TM1 - Matched)	2,935,442
2. Held in Reserve	
EFC Allocations (previous years balance) (rows hidden)	
2014 Allocation Week 43 (3.25%) - Committed by Producers	-
2015 Allocation Week 15 (2.7%) - Committed by Producers	-
2015 Allocation Week 28 (2.65%) - Committed by Producers	341
2016 Allocation -Week 15 (2.587%) - Committed by Producers	2,255
2017 Allocation -Week 14 (3.148%) - Committed by Producers	10,306
NPP Quota Held in Reserve (2013-2020)	45,997
2014 Assessments remaining in reserve	-
2015 Assessments remaining in reserve	-
2016 Assessments remaining in reserve	11,825
2017 Assessments remaining in reserve	2,872
(Over)/Under Allocations remaining in reserve	-
Total Quota Leased from Reserve	-
Total Held in Reserve	73,596