

**Meeting of the Board of Directors**

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

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**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.

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**MINUTES**  
**of**  
**Board of Director's Meeting**

**Date:** February 6, 2018

**Location:** BCEMB Boardroom

**BOARD IN ATTENDANCE:** Gunta Vitins, Chair  
Aryn Alibhai, Board Member  
Fred Krahn, 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

**REGRETS:** Walter Siemens, Board Member

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**CALL TO ORDER**

Chair, Gunta Vitins, called the meeting to order at 9:00 am.

**ADOPTION OF AGENDA**

The agenda was adopted with the following additions:

EFO's request for funding of their completed work on the Egg Quality Assurance Program Meeting with EFC during AGM

**1.0 APPROVAL OF MINUTES**

**R18-001** 1.1 Approval of the Minutes of December 7, 2017  
It was **MOVED** and **SECONDED**

THAT the Board of Directors approve the Minutes of December 7, 2017 as amended.

CARRIED

## **2.0 BUSINESS ARISING/ACTION LIST**

### 2.1 2018 Board Calendar

The 2018 Board calendar was presented for information.

### 2.2 New Business

#### 2.2a Mandatory Insurance Response

BCEMB's response to the mandatory insurance cost sharing mechanisms was presented for information.

#### 2.2b SCSC Feedback

BCEMB's response to the Start Clean Stay Clean program, the Interim Standards and Measuring methods was presented for information.

## **3.0 STAKEHOLDER ENGAGEMENT**

### 3.1 CEIRA Update

This was discussed later in the meeting.

### 3.2 Research Permit Request

The board discussed the current research permit program's strengths and weaknesses noting that a more formalized program with clear criteria and regular reporting is needed. It was decided that Gunta will work with staff on a formalized research permit program.

### 3.3 2018 National Quota Allocation and Change to EFC Levy Rates

Correspondence from EFC regarding the 2018 national quota allocation and change to EFC levy rates was presented for information.

### 3.4 LDA Report

The board discussed Egg Farmers of Ontario's request for funding of their completed work on the Egg Quality Assurance program. It was decided that this issue will be discussed further at the Feb 28 board meeting in expectation that EFO will have provided more information, as requested Katie and Walter will bring this messaging to the meeting in Ottawa next week.

EFC have completed their audits for the 2016 production year and the Board have been sent their reports. Egg Farmers of Ontario (EFO) has been assessed liquidated damages due to how they administered their Market Growth Allowance program.

While EFO was clearly non-compliant with the policy regarding over-issuance of quota, it brings up the question as to whether or not both sections of the policy are required to maintain production control. In terms of consistent production it is more important that a province houses the number of hens allocated by EFC, regardless of how much quota a province has distributed to their producers.

Each province is able to create programs to ensure that utilization of EFC allocations is as close to 100% as possible. This is currently being done within some provinces using mortality allowances and it has already been done at a national level by EFC with some provinces being allowed to produce at 100% and some at 97%. As all provinces are currently working with a utilization rate of 100%, this would be the appropriate time to review the policy and make any necessary changes.

The board supported staff's recommendation to support EFC in their current process and recommend that a review of the policy be conducted. Any comments must be submitted by February 2 but EFC will accept a submission from BC provided they receive it first thing on February 7.

**R18-002** It was MOVED and SECONDED

THAT the Board of Directors approve supporting Egg Farmers of Canada's review of their allocation policy.

CARRIED

**Action:** Staff was directed to rename the 'Market Growth Allowance' on producer licenses to 'Production Sleeve' in order to better represent the purpose of this allotment.

**3.5** Draft EIAC Minutes from January 25, 2018

The draft minutes from the January 25, 2018 EIAC were presented for information. It was noted that the EIAC is supportive of the board, processors and graders working together to develop a specialty IP/buyback program that works for BC. Staff will develop a framework around the program structure addressing how the responsibilities will be shared for the May EIAC meeting.

The committee discussed how BCEMB can best use the current quota credit and other utilization programs to be more market responsive. The EIAC recommends that the board use existing programs to encourage stabilization of all production types for 2018, focusing firstly on organic production.

Staff presented the EIAC with the recommended amendment to the Consolidated Orders, addressing grader sign off on quota exchange applications. The committee supported staffs proposal to implement the addition to Part IV of the Provincial Quota Exchange rules, Section 2 (13) "A Registered Producer who relies on a Grading Station Operator to market the majority of their Regulated Product must obtain signed confirmation from their Grading Station Operator."

Scott Janzen joined the meeting at 9:56 am.

**3.1** CEIRA Update

Scott Janzen presented the new CEIRA program that is scheduled to roll out April 1, 2018 noting that this program will include free range, free run and organic options for additional insurance coverage.

Scott Janzen left the meeting at 10:30 am.

**4.0** OPERATIONS

**4.1** Biosecurity Standard Changes to Board and Commission

The BC Poultry Biosecurity Program Mandatory standards are reviewed by the BC Poultry Biosecurity Committee on an annual basis. Recommendations made by the Biosecurity Committee are forwarded to the BCPA for approval and then sent to the Feather Boards for final approval and implementation.

The 2017 review resulted in several changes to the Mandatory Standards for Producers and the Allied Trades Biosecurity Protocols. It was noted that the BCPA owns the Biosecurity Program and edits the mandatory standards; it is the Board's responsibility to enforce the standards.

**Action:** Staff was directed to pursue clarification on the transition from pasture to barn for further discussion at the Feb 28<sup>th</sup> Board meeting.

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### 4.2 Mandatory Insurance Steering Committee

Staff provided an update on the revised actuarial assessment and risk share for BC Egg. There were two proposed ways to administer the mandatory insurance program: a captive insurance company or a group funded deductible that is held in a group fund, controlled and managed by the board.

**Action:** Staff was directed to add MISC to the February 28 meeting to discuss this further, on the assumption that the board and management can meet with the steering committee beforehand.

### 4.3 Quota Exchange Amendment

Producers unable to obtain grader signoff on their demanded production type are looking for creative solutions that would allow them to submit an application for the Quota Exchange (QE) without their grader's signoff.

To preserve the spirit of the QE process that currently affords Grading Stations the ability to refuse to sign QE applications for production that their market does not require. There is an opportunity to enhance the clarity of BCEMB's policy intent with an amendment to Part VI of the Consolidated Orders.

As noted earlier in the meeting, staff presented the EIAC with the recommended amendment to the Consolidated Orders, addressing grader sign off on quota exchange applications. The committee supported staffs proposal to implement the addition to Part IV of the Provincial Quota Exchange rules, Section 2 (13).

The recommended amendment will allow for producer-vendors and producer-graders to sign their own applications and prohibit any registered producers from applying on any future exchanges that cannot obtain grading station signoff.

**R18-003** It was MOVED and SECONDED

THAT the Board of Directors approve amending the Consolidated Orders by adding to Part VI – Provincial Quota Exchange Rules, Section 2, How to Use the Exchange;

(13) A Registered Producer who relies on a Grading Station Operator to market at least 75% of their Regulated Product must obtain signed confirmation from their Grading Station Operator and when shipping to more than one grading station will need sign off from all associated graders.

CARRIED

A board motion was passed on January 25, 2017 that allows producers to earn quota credits on quota that is purchased on the exchange for up to a maximum of 91 days. An amendment to the consolidated orders is required to incorporate the board motion.

Staff recommended adding a clause to the Consolidated Orders, Part VI – Provincial Quota Exchange Rules, implementing the 91 day maximum.

**R18-004** It was MOVED and SECONDED

THAT the Board of Directors approve amending the Consolidated Orders by adding to Part VI – Provincial Quota Exchange Rules, Section 1, General, Subsection (5)(b);

i. Transferees unable to house the layers immediately may choose to instead earn quota credits on their transferred quota for a maximum of 91 days. The total days that the transferee chooses to earn quota credits will be deducted from the one year allowance in Part VI 1.(5)(b).

CARRIED

#### 4.4 Quota Exchange Survey

The intent of the survey is to garner feedback from producers about the Quota Exchange to ensure the new pilot program is both transparent and effective at providing access to quota for all stakeholders who want to grow in the industry.

The board reviewed and discussed the questions in the proposed survey, offering comments and changes to the survey. After discussion the board determined that with the new Quota assessment tools supervisory review that this survey would be most effective if delayed until the effects of the new BC FIRB directives have been implemented and observed.

**Action:** Staff was directed to bring the revised Quota Exchange survey back to the board in July for further discussion.

#### 4.5 Quota Allocation Survey

In December 2017 FPCC approved a national increase in egg production that provided BCEMB with 108,741 additional units of quota. Before the allocation can be distributed to registered producers BCFIRB's approval is required. However, a prior condition to the 2016 allocation approval from BCFIRB was that BCEMB complete a consultation to determine if there is potential to strengthen the current methodology used to allocate quota.

BCEMB's objective is to challenge the strategies used for the allocation of growth quota in this thriving industry while maintaining accountability to all shareholders within the SAFETI framework.

From December 15 – January 15, 2017, BCEMB collected quota allocation survey responses from stakeholders, industry partners and former NPP applicants. Analysis of the responses across all producer and stakeholder categories indicated that pro rata is the preferred mechanism for allocation of growth quota.

The board directed staff to communicate to FIRB the initial survey results as well as our commitment to being market responsive.. Market responsiveness may be supported through the holdback that has been historically done on quota allocations.

**Action:** Staff was directed to prepare the quota allocation request to BCFIRB, to be reviewed at the Feb 28, 2018 BOD meeting.

#### 4.6 New Producer Program Survey

BCEMB has committed to conducting a consultation on the effectiveness and process for the New Producer Program.

The goal 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 Part IV of our Consolidated Orders.

Staff presented a recommended timeline for the New Producer Program Survey and consultation for board approval.

The board offered feedback on how the survey can be more effectively implemented. It was recommended that the survey ask open ended questions so producers can give detailed feedback on their individual experience and opinion.

The revised survey will be reviewed at the February 28 board meeting and is scheduled for distribution in March 2018.

**Action:** Staff was directed revise the NPP survey for presentation at the February 28 board meeting.

#### 4.7 Rodent Control Update

BCEMB experienced an increase in the number of positive Salmonella Enteritidis cases in 2015 and 2016. The majority of affected farms had signs of heavy rodent activity on the premise.

To date Pest Detective has completed audit reports for 77 producers and their respective premises in the Fraser Valley.

The common deficiencies noted by Pest Detective include (1) bait stations that are unsecured, damaged, or filled with debris, (2) live traps that have not been emptied enough, (3) entry points available for rodents, and (4) vegetation outside, feed lines, doors, holes, or manure belt systems.

The positive findings include (1) mostly fresh bait in the stations, (2) no evidence of rats, only mice have been found, (3) garbage and feed is inaccessible for rodents, (4) those with fly presence have good controls in the barn interiors.

At the Vancouver Island EPA meeting, staff talked to the producer representatives regarding the intention to expand the rodent audit program to include VI producers. The representatives suggested that staff engage local Pest Control companies who are familiar with poultry farms.

Staff will also work with interior producers to obtain recommendations for pest control companies that are familiar with the poultry industry and biosecurity requirements.

#### 4.8 Producer Rebate Update

At the November 15/16 2017 board meeting, directors approved a \$0.50 rebate per issued quota bird to be given to producers in good standing.. At the December meeting they approved a motion outlining the issuance guidelines.

**Action:** Staff was directed to create a policy on distribution of operating surplus and bring back to the February 28 board meeting for approval.

#### 4.9 Organic Stabilization Program

At the EIAC Meeting, the graders brought up a concern with a gap in production due to multiple barns entering their downtime in the same timeframe.

Market requirements for organic production has been a consistent discussion topic throughout the last eight months.

At the January 25, 2017 EIAC meeting, it was communicated to staff that this issue was not resolved yet; overall supply is mostly satisfied but there is a one/two month duration where multiple flock changes occur simultaneously causing a significant supply interruption. The direction from the EIAC was to determine if other grading stations are in a similar situation and, if so, brainstorm an acceptable solution that could work for everyone. There are four grading stations selling organic production in BC.

Wherever possible, staff will continue to work with grading stations to support their market needs.

No changes should be implemented until the BCEMB Board of Directors, producers, graders, and processor can gather at the roundtable meeting planned for June. At that time the industry representatives who are present can collaboratively brainstorm long term solutions and approaches that can be applied universally to all grading stations and production types in order to respond to their unique demand requirements.

Staff will continue to meet with graders individually and to facilitate and encourage the transparent sharing of information. Staff will continue to report market developments to the EIAC.

#### 4.10 Provincial Control Strategy

The BC Ministry of Agriculture and the BC Ministry of Health have been working on a Provincial SE Control Strategy that encompasses a farm to fork design. The goal is to reduce the incidence of SE in the general population to 2006 levels.

This draft strategy has been under development for over two years and focuses on 6 key areas:

1. Control SE already circulating in the B.C. poultry supply chain (egg and meat)
2. Prevent new SE from entering the B.C. poultry supply chain (egg and meat)
3. Monitor the effectiveness of the control measures in poultry
4. Minimise SE contamination of food
5. Manage foods where SE may be found through education and preventive actions
6. Address knowledge and information gaps

These key areas resulted in 36 recommendations. Many of the on-farm recommendations for layers are already part of our standard practices; however there are additional control points that will affect our industry as well as some gaps in the draft strategy.

Staff will forward a draft response including board feedback, once approved, to the BC Ministry of Agriculture.

Jeremy Vaandrager and Dr. Mike Leslie joined the meeting at 2:07

#### 3.2 Research Permit Request

Jeremy Vaandrager and Dr. Mike Leslie from Ritchie-Smith Feeds presented their proposal for obtaining a research permit to the board. After the presentation, the board notified the guests that BCEMB will be creating a formalized research permit program and will be advised as to when this program will be released.

Jeremy Vaandrager and Dr. Mike Leslie left the meeting at 2:28

#### 4.11 Specialty Updates

##### 4.11a Specialty IP

The Specialty IP was presented for information.

##### 4.11b. Specialty Pricing

Nationally, the egg industry lacks a consistent approach to specialty pricing which causes disruption in the marketplace and increases competition between provinces. The goal is to develop a Specialty Pricing Mechanism nationally.

In October, the provincial chairs and managers met to discuss the current pricing situation. As a result of that meeting, the Western Provincial staff and EFC staff have put together a draft project team charter. This has been sent to all provinces for review by Manitoba Egg Farmers with a tentative deadline of February 28, 2018 for comments. It is very important that this is a national initiative that includes consultation with grading stations.

The next steps will be to provide comments on the project team charter to EFC, continue to push for the development of the project team charter to ensure BC has a voice on that team and to continue to highlight the ways in which appropriate producer pricing strategies, for all production types, will benefit the industry.

##### 4.11c Free Run Imports

Provincial grading stations have reported that they are losing market share to free-run imports from Manitoba.

As per our grading stations, free-run eggs are being sold wholesale in BC for a premium that is \$0.25-\$0.45 per dozen less than what the grading station is able to get the eggs for in BC. This is down from the \$0.75 that was heard on January 22, 2018.

This was discussed at the EIAC who recommended that the discussion be held between the BCEMB and the Grading Station. While there was no direction given, a suggestion provided was the possibility of introducing a rebate program from the BCEMB to the wholesaler. The issues brought up were how this would affect the market as a whole and how do we ensure we are not playing into a "race to the bottom".

It is the duty of supply management to ensure that this type of activity does not happen and this is exactly why we need a national strategy on producer pricing and production controls.

At this time, staff is unable to provide an appropriate recommendation for intervention as no concrete evidence has been received. This would be required from the grading stations in order to determine if our path forward should change.

Staff will continue to work with the other provinces to ensure they put appropriate mechanisms in place to reduce the possibility of overproduction and 'dumping' product into neighbouring provinces and will include this as an agenda item topic for the round-table discussion in June.

#### 4.12 Creston NPP Draw Update

Staff advised the board that the 2017 New Producer Program (NPP) for the Creston area is underway. The goal is to award two BC residents from the Creston Valley Area of South Central and East Kootenays who are outside the regulated supply chain, and who are interested in egg production and the opportunity to contribute to the sustainability and renewal of the regulated egg sector.

Currently the draw is in the 30 day period where applicants who the review committee deemed ineligible can appeal the decision to BCFIRB. Staff believes that one applicant may be exercising their right to appeal.



4.13 Grader Program Cost

This item was carried over to the February 28, 2018 Board meeting.

4.14 LMF Lease Extension Request

LMF Holdings Ltd. is requesting BCEMB authorization to allow for lease extension on the quota that was purchased on the December 2016 Exchange.

New entrants who purchase quota on the Pilot Quota Exchange are generally able to complete their new build and engage in egg production within a year of the transfer date as required by our Consolidated Orders. However, on two different occasions staff has allowed new entrants to surpass the one year limit by slight amounts due to various complications and/or delays in their construction process. The longest extension that was granted by staff was just under two months in April 2017.

Staff believes that the new entrant has completed their due diligence in planning and executing their build and that sufficient rationale has been provided to grant the requested extension. Staff recommends that the lease extension be permitted until the flocks 19 week date of April 2, 2018.

**R18-005** It was MOVED and SECONDED

THAT the Board of Directors approve the lease extension for LMF be permitted until the flocks 19 week date of April 2, 2018.

CARRIED

4.15 Transporter Biosecurity Request

The poultry industry is at a heightened biosecurity status (yellow) and the catching crew from the lower mainland is taking additional precautions to reduce the risk of disease transmission from the crew. As a result they are incurring costs they are unable to recoup.

Due to the heightened biosecurity protocol Elites is requiring its crew to wear biosecurity suits when present on a poultry farm. On occasion Elite has arrived and discovered that the producers do not have additional biosecurity suits for their crew. In these instances Elite is providing the suits at their own expense.

Elite is requesting that the BCEMB send a reminder to producers that it is the farmer's responsibility to provide biosecurity suits and a means for the crew to clean their boots and that Elite be allowed to pass on their costs when they need to provide suits to the farmer.

The board directed staff to send this request to the PMC for their consideration.

4.16 PMC Recommendation for Alternative Markets

EFC has been working on options for alternative markets if a producer were to fail one of the audit programs and no longer be EQA certified.

In the event that a producer is unable to be certified under the EQA program, EFC has developed the following recommendations on alternative markets for the eggs:

- 1) In the event of SC-SC failure, the eggs would follow the FFP protocols until they are back in compliance (this results in the eggs being shipped to the processor and discounted \$0.20 per dozen)
- 2) In the event of an ACP failure, the eggs would be shipped to an alternative non-human consumption market or destroyed. The producer would receive the market price relative to the salvage value.

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It is important to note that failure means that the CAR process has been completely exhausted. This would be around the same timing that the BC penalty policy would be enacted as well.

It was noted that staff and the board support the EFC recommendations on alternative markets in the event of ACP or SC-SC Failure

### 4.17 Quota Assessment Tools Review Decision

The board reviewed BC FIRB's decision on the Quota Assessment Tools Supervisory Review. The board had a number of questions regarding some of the directives that were listed in the review. Staff and FIRB representatives will be teleconferencing in the following weeks to get clarity on some of the directives.

**Action:** Staff was directed to draft changes to incorporate the new BCFIRB directives regarding the Quota Assessment Tools supervisory review into the Consolidated Orders for the February 28 board meeting.

## 5.0 **GOVERNANCE**

Due to time constraints in the meeting, all 5.0 Governance agenda items were carried over to the February 28, 2018 Board meeting.

5.1 Strategic Plan Update

5.2 View Barn

5.3 Budget Process Timeline

5.4 Travel Expense Policy Revision

5.5 Producer Funded Travel

## 6.0 **PERFORMANCE REPORTS**

Due to time constraints in the meeting, all 6.0 Performance Report agenda items were carried over to the February 28, 2018 Board meeting.

6.1 Dashboard

6.1a Feed Mill Participation Report & AAFC Report

6.2 Quota

6.2a Industry Reserve

6.2b IP Report Week 52, 2017 and Week 3, 2018

6.2c IP Processor Summary Week 52, 2017 and Week 3, 2018

6.2d EFP Report Week 52, 2017 and Week 3, 2018

6.2e Quota Utilization Update

6.2f Quota Credit Report

6.2g Inventory Report

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6.3 Financials

6.3a Period 13 Board & Committee Per Diems & Expenses

6.3b Financial Reports for Period 13

6.4 Preliminary COP

**7.0 MEETINGS HELD AND UPCOMING**

7.1 Meetings Upcoming Appendix B

7.1a AGM Meeting Package

Amanda distributed the AGM packages to the board for information.

7.1b Quebec Egg Farmers AGM

Attendance at the Quebec Egg Farmers AGM was discussed.

**ADJOURNMENT**

The meeting was adjourned at 3:20 pm



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Board Chair



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Certified Correct, Secretary