

Divining the Entrails – a History of the BC Chicken Marketing Board

The First 50 Years

There are no written records of BCCMB Minutes for 1961, 1962 or 1963. Further, there is no annual report for these years. The only surviving piece of literature is a copy of the Chairman's report, with a hand written notation gracing the top of the paper stating **"Chairman's report May 1963"**.

Historical records show that the BC Broiler Marketing Board came into existence December 12, 1961, but the office and staff did not start up until January 1, 1962 according the report of the Chair. However, the Board issued Interim Order #1 and Interim Order #2 on December 28th, 1961. Interim Order #1 set the live price for broiler chicken at 18 ½ cents a pound live weight. Interim Order #2 required Processors to make a deduction for the levy in the amount of ½ cent for "each and every bird" shipped to the processor. The interim Board until the first annual AGM in May consisted of 3 appointed members: R.A. Blair (acted as Chair), Willen Vanden Born and K.J. Nelsen with Mr. Campbell Hackney as Secretary. Mrs. J. Jolliffe acted as the recording secretary to the Board. We note she was ALWAYS referred to as Mrs. Joliffe (her first name was Joan).

That first report stated:

"The Marketing Board which went into operation on the 1st of January, 1962, and has now completed its first year of operation and has proven what can be accomplished by primary producers who are united in an effort to improve their own business and bring stability to all growers in the province, it has been instrumental in protecting the small family farm that in 1961 was in danger of disappearing from the scene. Today the small family farm is getting a fair return for his labours and with the policy of the marketing board a policy which was formulated by this association and which the Board was very happy to carry through will be able to bring his operation up to an efficient level and assure a fair return to all growers for their labours."

The promotion of "broilers" as "Grown in BC Product" to the consumer was BIG in 1963. Advising "Mrs. Housewife to always look for BC Grown Chicken" and to encourage the increased use of chicken, listing the advantages of chicken were other marketing ploys.

Growers were cautioned against a relaxation of vaccinating methods as Newcastle's disease and bronchitis became prevalent causing losses to growers.

Sober warnings were issued to "interests around us" that were trying every method to get control of our business through integration and other means and if successful could force most of us to become their "hired help". The Chair of the time issues a warning to these persons (who he was sure had representatives at the AGM) that the Board can

choose who its agencies are, and can create its own agency to handle all the regulated poultry product in BC. He indicated that while he was not in favour of that at this time, before he would see the broiler industry being wrenched from “us” and forcing broiler growers to become hired persons, the Board would take drastic steps to protect the growers own interests. In closing he “hoped that this will be a warning to these selfish greedy people to lay off and allow the broiler industry to proceed to produce a good quality product at a fair price to a satisfied consuming public.

1964 brought the first real test to the Broiler Board. A sharp drop in prices at the end of the year created some hardship for growers. Production outstripped consumption and the Board made a correction while other parts of Canada did not. BC experienced the highest live price in North America, but it was still deemed to be too low for profitable production. The situation was blamed on the influence of lower markets around BC and large integrators attempting to take over the industry and put the small farmer out of business was blamed in part for the low prices. Large promotion campaigns continued to ensure that production equalled consumption in BC and that the consumer was very aware of “Grown in BC” product. Growers were encouraged to use the “all in all out method” rather than continuing with mixed ages and multiple brooding systems.

1965 marked the end of three years in the operation of the Marketing Board. The most important issue on the mind of the Board was when the time arrived to allow growers to transfer their quotas. This helped stabilize the industry, and has put the growers in a number one credit position. Quotas were rapidly nearing the point where they will equal the minimum consumption requirements instead of the maximum. It was expected that this change would occur within the next couple of years. Emphasis was for growers to improve their buildings, especially with insulation. The Board indicated a willingness to cooperate with any other part of the country to keep production and prices in line, but were prepared at all times to compete where competition has been offered. The broiler growers in Ontario have voted overwhelmingly in favour of a marketing board for their products. Reports had it that Quebec, Manitoba and Alberta were well on their way to setting up Marketing Boards. It was the expectation of the Board of the day that once this occurred, a National Broiler Council would be formed to bring order to the industry across Canada.

The Board in **1966** met weekly. They faced the difficult decision as to how much red meat prices would affect consumption increase. There were those who said that production was too high for 1966 but then hindsight is always superior to foresight. If any error was made in judgement of requirements, it has to have been the fact that there was not enough time allowed at the end of August for a clean-up period. This was rectified for 1967.

The live price for the year was held at an average of 21.94 cents per pound for the year (included FOB and no undergrades), although this was not felt to be a stopping off point.

Disappearance of product in 1966 came to just over 31 million pounds, which was an increase of approximately 5 million pounds over 1965. 1966 was the kickoff year of “BBQ Barbie” on CKNW and the first year for the PNE Cook-Off.

In the first half of **1967** too many broilers were produced to maintain a stable and profitable market demand. The Board recognizing the difficulty the processors were experiencing, immediately put into effect a further reduction in market quota to 70% of basic. From this experience the processors found that a collective co-operation between themselves would help them to plan a more realistic market potential, thus the formation of the “Advisory Committee to the Board” was formed, paving the way to better relations between the processors and the growers. This new approach led to stabilize marketing quotas and gave foundation to the hope that in the future registered growers would be marketing close to 100% of quota on a year round basis.

The Advisory Committee consisted of G. Pringle (independent chair), B. Hambley and L. Rosengren (growers) along with S. Downe and F. Hunt (processors). It met once a month to discuss the setting of basic market quotas. The Committee also recommended and 8 week shipping date be established.

The number of broilers processed in 1967 totalled 11,800,000 birds, with an eviscerated weight of 33,020,000 pounds a 1.2% increase over 1966. There were 137 growers in the Lower Mainland and 16 on Vancouver Island.

The “Grown in BC” campaign was credited with a 9% increase in consumption for 1967. Both processors and chain stores participated fully in all promotions and supported the BC industry 100% by purchasing “Grown in BC” chicken only.

With the formation of the Manitoba Chicken Broiler producer’s Marketing Board in December of **1968**, there were now seven broiler marketing boards across Canada, an amazing accomplishment since the inception of the BC Broiler Marketing Board in 1961. The gross farm income in Canada continued to show a decrease in 1968, which indicated that our Nation’s primary producers do not as yet have a strong voice in the marketing of their product.

BC in 1968 again experienced the highest live broiler and wholesale prices in comparison to the rest of the broiler producing provinces in Canada. The live price averaged 21.9 cents f.o.b. farm was approximately one cent a pound higher than Alberta’s whose broiler growers were still experiencing under grading and cartage costs. Saskatchewan’s live average price at 21 ½ cents fob plant and no under grading averaged one cent under BC’s live price. Manitoba at 20 cents fob farm was two cents below BC, and the eastern provinces had the following average live prices: Ontario 20.9 cents; Quebec 20 cents and the Maritimes at 21 ¼ cents during 1968.

In 1968 total marketings (Broilers, Cornish and Roasters) in number of birds at 12,130,000 showed a 3% increase over the 11,800,000 birds processed in 1967. But because of the earlier shipping dates of eight weeks, the total eviscerated weight of all birds processed in 1968 at 33,068,000 pounds showed approximately the same eviscerated weight as the 33,020,000 pounds processed in 1967. The average broiler weight was 3.60 pounds and the average eviscerated weight 2.67 pounds (74% yield).

No new quota was issued by the Board in 1968. Seven growers transferred their quotas to other existing farms, reducing the number of growers in the marketing plan to 146 from 153. In 1968, one farm was in the size range of 100,000 – 110,000 while 5 farms were in the 50,000-100,000 range.

The Advisory Committee met monthly during 1968, paving the way for a true spirit of co-operation between the growers and processors. Gerry Pringle, due to his commitments as MP for Fraser Valley East, resigned as Chair of the committee, Newt Miller was appointed as the independent chair.

The Board met weekly each Thursday to administer the regulations of the marketing scheme and set policy. The administration of the Board's policy was carried out by R.A. Stafford under the Board's direction. The office staff consisted of Mrs. Marion Renner and Mrs. Joliffe who compiled records of chick placements, market quota, transport orders and assessment returns.

In 1968 the Board began to collect and tabulate the Health of Animals condemnation figures from the main registered processing plants, to better assess the current disease picture of the broiler industry.

One of the main accomplishments of 1968 was the establishment of a firm wholesale price, which gave stability to all segments of the industry.

1969 was the most successful year since the inception of the Board in 1961. Chick placements reached an all time high of nearly 14 million (16% increase). Continual changes occurred on farm such as automated, environmental controlled buildings increased efficiency and made it possible to withstand temporary periods of depressed prices. 1969 marked the year of establishment of a 7% tolerance. 1969 also marked the development of the junior size broiler program, to provide lighter uniform weight of broilers for the take-out chicken trade. The introduction of the Revised Marketing Contract No.1 in December of 1969 defined the agreement between hatchery, grower and processor so that all parties to the contract had a better understanding of the marketing of the regulated product. The live price averaged 22.3 cents per pound for the year 1969 (an increase of 0.4 cents from the previous year). No new marketing quota was issued by the Board. Transfers and farm sales reduced the number of registered growers in the marketing plan from 146 to 134.

The Provincial Cabinet by order in council officially declared the month of May as “Chicken Month” in BC. The Board concentrated its advertizing around the theme “Observe Chicken Month, take home a chicken for someone you love” along with continuing the BBQ Barbie in-store promotions. This campaign was cancelled after three weeks in the greater Vancouver area, due to the closing of 103 super markets (red meat cutters lock-out). Another popular theme during the fall and winter was “BC Chickens are fresh – they didn’t have to travel thousands of miles to wind up in your shopping carts”.

Quebec is the only broiler producing province without a producer marketing board for broiler chickens.

Sales in **1970** surpassed the 42 million pound mark, an increase of 9.4%, placement on farms for the year were over the 16 million mark, and increase of 18.5% for the year. Some new developments in BC in 1970 were:

- Plans whereby new growers can enter the industry.
- Issuing secondary quota to growers (non-transferrable except with a farm sale). The amount of secondary quota was set at 5,000 birds for all registered growers with primary quota of 5,000 birds and over and those under 5,000 birds were given the amount equal to the quota they were holding.
- Setting the broiler chick price, to ensure more stability and growth in the industry.
- Import Order #1, a method whereby “dumping” of broiler chicken on the BC market was controlled. This in turn put pressure on other provinces to do the same thing, and forced Quebec broilers back into their own market. This in turn resulted in Quebec voting in their own marketing board for broiler chicken.
- Setting the live price on all classes of the regulated product, a long overdue order where each class of the regulated product is priced out separately according to its market conditions.
- Endorsing a national plan whereas inter-provincial movement can take place if required and that the agency to be made up of producers only.

The year **1971** was a good year for the sale of broiler chickens in BC, but not in other provinces of Canada. High storage stocks continued to depress live and wholesale prices in all provinces. The Federal Government under the Agricultural Stabilization Board assisted Quebec with \$400,000.00 to export frozen whole and cut-up chicken to the Far East and Japanese markets. BC continued to supply its known retail demand for “grown in BC” chicken and enforced the Board’s Import Order on outside broiler chicken offered for sale in BC’s market areas without a permit. The “Chicken and Egg” war was turned into a political debate in regard to the passage of Bill C-176, the National Farm Products Marketing Legislation. Quebec and Manitoba were the two provinces in Canada in 1970 whose philosophy was to expand their broiler chicken markets to other provinces in Canada. With all broiler chicken producing provinces in Canada now having

established Provincial Broiler Marketing Boards whose objects are to supply their respective markets, any expansion into neighbouring markets results in conflicts between Provincial Marketing Boards.

For the first time, the BC Board published farm gate receipts amounting to \$14,200,000.00

No formal agreement for national supply management in 1971. All provinces entered 1972 with out control over the inter-provincial movement of broiler chickens under a national plan. The progress towards reaching an amiable agreement for a National Chicken Marketing Plan during 1972 was termed “frustrating”. Each province demonstrated that its share of the national total is not adequate, with the ensuing result that realistic provincial quotas cannot be established. 1972 ended without any firm commitment by the provinces for the establishment of a National Plan. BC was adamant that future quota allocations must be allotted to the provinces that develop and expand their own provincial markets.

In **1972** the following policies were implemented:

- All allotted quotas to registered growers were assigned to specific farms.
- In September 1972 the establishment of uniform terms and conditions for the sale of live product was established.
- November 30, 1972 roaster quota growers were eligible on or after January 1, 1973 to apply to have their 4,000 bird roaster quota cancelled and be issued an 8,000 bird broiler quota.

In 1972 BC again marketed the heaviest live weight broiler in the least number of days which also resulted in the lowest percentage of Health of Animals (CFIA) condemnations at the processing plants.

The one identified area of deficiency in BC in 1972 was further processing. It was acknowledged that many further processed chicken products which were sold in BC originated outside the province.

1973 was a year of unstable conditions in the BC Broiler industry, because of uncertain supplies of feed ingredients created by a strong world demand for cereal crops. BC growers felt the effect of the cost-price squeeze that was on their broiler operations throughout the year. In 1973 BC had 9.20% of the total Canadian broiler market, an increase from 8.75% for the year 1972.

In April of 1973, the BC Broiler Hatching Egg Producers Association membership (41 hatching egg farms) elected to come under the jurisdiction of the BC Broiler Marketing Board rather than under the jurisdiction of the BC Egg Marketing Board. The hatching egg farms had the capacity to supply the total hatching egg requirements for the BC industry.

18 new entrant growers were brought into the industry in 1973. 15 roaster growers applied to have their roaster quotas cancelled and were granted 8,000 broiler quota. These new broiler growers had their roaster quotas replaced by the new growers who will receive roaster permits in early 1974.

In December 1973 all provinces with the exception of BC and Quebec voted in favour of holding National hearings on the proposed National Chicken Plan. BC was opposed to the plan for the following reasons:

- The chicken agency would have the power to buy, sell or store surplus chicken.
- There is no provision in allotting provincial quotas for the growth that occurs within a province.
- There is not an adequate definition on how chicken can be moved inter-provincially.

The Canadian Broiler Council decided to not hold public hearings until Quebec can be accommodated within the Plan since they produce approximately 37% of Canada's total broiler market. A tentative agreement was reached with Quebec. The Farm Products Marketing Council announced the new principles of the Canadian Chicken Marketing Agency as:

- "Free Trade" – the marketing of chickens from one province to another shall not be subject to restrictions by the importing province.
- "Principle of Self-sufficiency" – the Plan does not embrace the "principle of self sufficiency" in broiler production in various provinces because of the intent to establish a national chicken marketing plan. The market shares that are to be decided upon; therefore, should not be based upon the goal of self-sufficiency.

As such the BC Board could not commit the broiler growers of BC to an expensive bureaucracy, which would add additional costs to the industry, and would also keep BC's industry in a surplus position at all times.

In 1973 the Board was ordered by the provincial Minister of Agriculture to establish the broiler industry in the Kamloops-Okanagan area in the most feasible way possible. The policy presented to Hon. David Stupich on December 12, 1973 called for an initial allotment of 5,000 broiler permits to eleven new growers in the area. In concurrence with the start-up of a new processing plant.

Record high prices for nearly of the broiler grower's inputs, higher wages rates at the processing, distributing and retailing segments resulted in the final price of BC product to the consumer being higher during **1974** than many of the red meat cuts. Across Canada, all broiler producing provinces experienced similar marketing conditions and problems.

The rapid retail food price increases experienced by all commodities during 1974 resulted in a consumer oriented backlash to all farmers in general and commodity marketing boards in particular. The Prices Review Board and the Forbes report came out strongly against farmer controlled marketing agencies. The news media during 1974 focussed on food price changes and created all kinds of controversy regarding the primary producers' position in today's society. This experience taught the Board that it needed to be able to explain its purpose and the contributions made to society in the fast changing economy.

Tied with the consumer's role was the BC Government's New Natural Products Marketing Act, which provided for the BC Marketing Board, made up of 5 members, who have the power to supervise operations of all commodity marketing boards in the province. The new Board's supervisory function was directed to orders, regulations, and general marketing policies of commodity boards, and not to their day to day routine operations. In addition the BCMB was empowered to hear appeals lodged by parties who felt that they may have suffered injury or grievance as a direct result of a Commodity Marketing Board action.

The proposal for the National Chicken Marketing Plan completed public hearings in May 1974, but did not meet with the approval of the Provincial Ministers of Agriculture in July of that year, due to the problems experienced by the Canadian Egg Marketing Agency related to surplus production. The Canadian Broiler Council was instructed to re-draft the proposal for a National Chicken Marketing Agency. BC's input on a new plan will be a proposal to the CBC Executive on inter-provincial movement of chicken which is the only legal authority a National Agency has under the Federal Farm Products Marketing Agencies Act.

In 1974 BC had 8.92% of the total Canadian Broiler Market, a decrease from 9.20% for the year 1973.

One broiler grower took advantage of the Board's Father-Son quota transfer policy. There were 264 growers of which 41 are broiler breeder production units and 20 are new farms established in 1974. Eleven 8,000 broiler permits were issued to new growers in the Kamloops-Okanagan area of the province, subject to the establishment of a poultry processing plant in the area. The average broiler price was 35.75 cents per pound in 1974 compared to 30.67 cents in 1973. Farm gate receipts totalled \$27,535,850.00

1975 was another year of "no growth" in the BC broiler industry. Total chicken sales were 1.3% less than sale of 1974 but the last quarter of 1975 established a trend for increased growth as sales in this quarter were 5% ahead of sales for the last quarter of 1974. In 1975 BC had 8.55% of the total Canadian broiler chicken meat market, a decrease from 8.92% in 1974.

High frozen inventories during the first three quarters of 1975 required all growers to experience quota cut-backs to allow these high inventories to be sold onto the market in an orderly manner. The final quarter of 1975 resulted in the end of the recession that the BC broiler industry had been experiencing since the fall months of 1973. All across Canada other broiler producing provinces experienced similar market conditions and problems as BC except for Ontario and Quebec which had to deal with 20 million pounds of US chicken which were sold in their market area. As a result, the Federal Government told the Canadian Broiler Council that import quotas would be established on US chicken providing the Provinces formed a National Chicken Marketing Agency, based on the previous 5 year import average. In 1975 Canada had the worst trade imbalance in chicken in the free world.

Local conditions within the industry in 1975 saw the closing of Canada Packers Ltd, Willows Poultry Processing Plant in Clearbrook and the subsequent purchase and start up of this plant by Maplewood Poultry Processors Ltd. The NDP government completed the purchase of Panco Poultry Ltd in February 1975. No work was completed on the construction of the Provincial Government funded processing plant in the Kamloops-Okanagan area. Indications were that further regional market surveys in that area of the province are required to determine the economic viability of this proposed plant in regard to the capital to be invested. The Provincial Government agree to finance 50% of the cost of the study.

In an attempt to create a market for chicken backs and necks (skin and meat), the Board contributed \$2000 to Panco Poultry to carry out a consumer market survey on a new product "Chickalona".

In **1976** the major problem stemmed from competition from low priced chicken being offered into BC markets. The Board responded by implementing a freight equalization program whereby all freight costs to the BC Interior on fresh and frozen chicken would be paid by the broiler growers, in an attempt to keep low priced chicken imports from eroding BC's total market area.

The industry completed the shift from a 12 week cycle to an 11 week cycle during 1976.

1977 was a relatively good year in volume for the BC broiler chicken industry, the trend to increase BC chicken sales continued at a record rate. A total of 62.3 million pounds (evisc weight) was sold in 1977 for an increase of 4.9% from sales in 1976.

The Board's Import Order #1 was struck down in the Supreme Court of BC. It was ruled ultra-vires of the competence of the powers of the Provincial Government and therefore the Broiler Board and was declared invalid.

The Board of the day expected the Federal Government to proclaim the Canadian Chicken Marketing Agency (CCMA) and import quotas on the US chicken under the

GATT agreement. This did not come to pass as opposition to the National Chicken Agency continued to delay the proclamation.

The Board in co-operation with the BC Feed Companies and BC Poultry Processors developed "The Great BC Chicken Caper". With the introduction of this promotion, the Board reduced the Interior freight promotion from rebating the full cost of all fresh and frozen BC chicken shipped north and east of Hope BC to 3 cents per pound, with the understanding that the freight program will be eliminated in 1978 if stability can be introduced to the total Canadian Chicken Market.

The year **1978** was an exceptionally good growth year for all segments of the BC Broiler Industry. BC registered the largest percentage increase in broiler chicken marketing in 1978 compared to all other broiler producing provinces. Early in 1978 US chicken imports and imports from other Canadian provinces at prices up to 15 cents a pound below established wholesale prices for BC chicken, completely depressed the local market.

In February 1978 the Board, feed companies, processors and major retailers met with the Hon. Jim Hewitt, Minister of Agriculture, to develop stability in the BC broiler industry. The BC Broiler Industry Committee was formed to provide for better market communications and to include retailers who, as the merchandisers of the growers' production efforts, have done an excellent job in telling the BC Consumer the benefits of purchasing "Home Grown BC Quality Chicken".

In June 1978 the Board appointed an audit committee to ensure accurate reporting of all Board finances. The Board established a Roaster Research Program to improve the quality of roasting chickens being marketed in BC. The Provincial Government announced its intention to sell Panco Poultry Ltd. There was a shortage of hatching eggs in BC during the year so the Board implemented an experimental moulting program which proved that the immediate hatching egg supply for surge demand could be increased with an intensive well planned moulting program.

The Canadian Chicken Marketing Agency (CCMA) was proclaimed by the Hon. Eugene Whalen on December 29, 1978 thereby bringing US chicken imports under control. The agency is under the supervision of the National Farm Products Marketing Council, will set Provincial chicken production quotas. It would also develop a cost of production formula which will be used to guide the pricing practices of provincial chicken marketing boards. The Department of Industry, Trade and Commerce was to establish an annual chicken import quota on the basis of consultations with the USA. Newfoundland was expected to join the Agency within 1 year, while Alberta did not wish to join, but agreed to co-operate fully with it and Manitoba was expected to join early in 1979. At this point the Agency represented 92.6% of the Canadian chicken production and 95% of the Nation's growers.

The Great Chicken Caper was the longest running contest in the history of retail contests, but in spite of its length, awareness was at a high level when it was concluded. Over 210,000 individual letters were received as contest entry forms. TV, Microwave Ovens, Dishwashers, trip for two to Hawaii, gas BBQ's and one Caribbean Cruise for two were prizes.

Extensive amendments to the General Orders were published in the 1978 Annual Report covering definitions, leasing of quota, leasing of property, density requirements and quota transfer restrictions. Quota was tied to premises as described on a grower's licence.

Total BC chicken sales in **1979** were 86.4 million pounds eviscerate weight for an increase of 15 million pounds, representing 21% increase in sales over 1978, the largest annual increase since the Board was formed in 1961.

Colonial Farms Ltd located in Armstrong BC, the new poultry processing plant became operational in April of 1979. 5 growers were established in the North Okanagan to supply approximately 10,000 live birds each week. The establishment of the regional plant permitted a greater portion of the BC market to be served by local growers.

One condition of the Federal Government establishing the US chicken import quota, was that the Chicken Agency implement Canada's Global Quota and Provincial poundage allocations. The Board of the day decided the most fair and equitable method to allot BC provincial poundage was to establish each grower's share on a live weight poundage basis. Effective May 23, 1979 the BC Broiler Industry shifted to a live weight poundage basis quota. The conversion factor was 1 bird quota converted to 4.05 live weight poundage actually paid for by processors. The changeover was calculated to result in an approximately 7% increase in the total live weight poundage actually shipped from the previous bird quota. All provinces in the CCMA are based on this method as the Federal Provincial legal agreement calls for uniform terms and conditions for a poundage quota system.

Bruce McAninch was appointed as the first BC Director on the National Agency. He was also named to the CCMA regulations committee.

The Province of BC with the Broiler Board, Supervisory Board and Hon Jim Hewitt, Minister of Agriculture gave notice to the CCMA that unless the following issues were resolved, BC would not be a member after 1980:

- The review and amendment of the 1980 quota regulation dealing with global quota and provincial shares.
- The interpretation of the criteria to be considered by the CCMB in establishing Global and Provincial quota allocations.

- The methods and procedures to be followed by the CCMA in establishing quota allocations and issuing quotas for unregulated areas (Alberta).
- The requirements for the obtaining of information and the issuing of licences and orders required to be made by the CCMA to monitor inter-provincial trade in chicken.

The farm gate receipts for 1979 for all classes of the regulated product totalled \$49,481,000.00

Three of the Poultry Processing Plants introduced fresh “Chill-pack” forms of packaging, which is the use of CO₂ rather than ice in the containers. This process was predicted to extend the shelf life of fresh chicken in the retail display counter and tied in with the “chill-pack” process, Canada Safeway changed over their merchandising from a frozen to a fresh chicken program.

BC’s annual quota allocation from the National Agency in 1980 was 88,249,000 pounds (evisc weight) or 10.77% of the Global quota, but due to surplus frozen chicken inventory carry over from 1979, BC’s 1980 total production was only 79,964,000 lbs. resulting in a shortfall of 8.3 million lbs. or 10.3% of BC’s allocation which could not be carried forward into the 1981 quota year.

The CCMA made good progress during 1980 and dealt with the main issues of: formulating a system for allocating over base chicken quota among provinces; the problems created by imports of US chicken on a quarterly basis; the problem of high quota values; and the need for greater grower-processor co-operation in coping with surplus stocks. Alberta (an unregulated area) continued to ignore Agency Regulations respecting inter-provincial movement of chicken to BC’s detriment. The Agency had the authority to fine the persons or get an injunction preventing shipments from Alberta to BC, but chose not to proceed with action.

Bruce McAninch was elected as CCMA Chair in 1980, and also assumed the duties of acting General Manager until a new CCMA General Manager could be hired. In 1980 Newfoundland became the 9th province to join as a member of the CCMA, Alberta had not made any effort to become a member and the possibility of them joining remains remote.

During 1980 the BC Board established an incentive program to relocate more production from the Fraser Valley to the Okanagan region of the province. It was restricted to 7 roaster growers on a first come first serve basis. The roaster quota was converted to broiler quota on a pound for pound basis. The Interior was on a 9 week cycle, growing 100% of all broiler, secondary and Class B quota. Colonial Farms paid a premium for the product (1/2 cent from January to June 30th and 1 cent from July 1st onwards).

The Board implemented a new pricing policy for Vancouver Island, effective July 14th live price for all classes of the regulated product were established at ½ cent higher than all other regions of the province and increased to a full cent effective December 1, 1980.

The name of the BC Broiler Marketing Board was changed to BC Chicken Marketing Board, by Scheme change November 25, 1980. Further, the BCCMB increased from 3 to 5 members, of whom 3 are broiler growers, one a breeder grower and one a roaster grower all elected for 3 year terms. No grower could serve longer than six consecutive years, but may be re-elected for further terms after the expiration of one year out of office.

The 1980 Annual report was the first to contain the appeal procedures to the BC Marketing Board. It has appeared every year thereafter.

The year 1981 was another record breaking year for the BC Chicken industry in terms of higher farm gate prices and production volumes. BC in its enthusiasm to meet the 1981 Provincial Quota Allocation of 87,262,000 lbs (eviscerated weight) over produced by 1,930,000 lbs and will be assessed a national penalty of 5 cents/lb for a cost of \$52,900.00. The provinces of Saskatchewan, Manitoba and Ontario also over produced. Alberta (unregulated area) not a member of the Agency, is issued a quota for marketing into a regulated area, which was overproduced by 10 million lbs in 1981.

At the conclusion of the BC Broiler Inquiry Committee report to the Board, concluded that additional roaster quota should be issued to roaster growers as compared to roaster growers who had their quotas converted to broiler quotas prior to September 1978. Roaster growers registered on or before September 1, 1978 were granted a quota increase of 12,187 lbs of roaster quota and issued 11,427 lbs of roaster secondary or portion thereof (dependant on building space being provided by June 15, 1981). The BC Cornish market is being completely supplied by Alberta in 1981, so to enable BC Processors to be competitive in this market, the Board created a policy to allow for any BC grower to grow Cornish on a permit outside of quota, and further, the Board lowered the Cornish price to the same level as the broiler price.

Seven roaster quotas were relocated as broiler quota to establish new farms in the North Okanagan, and two existing broiler farms were also relocated to bring the total to 14 broiler growers, with sufficient production to supply Colonial Farms processing plant's live chicken requirements for 1982.

BC Processors appeal the live price increase of 1 cents/lb to the Supervisory Board; the BCMB upheld the pricing decision of the Chicken Board.

The CCMA approved the Price-Waterhouse provincial COP. The Board accepted and approved the parallel COP for BC Hatching Eggs, which was developed on a parity price

relationship between live broiler, roaster and hatching eggs using the concept of percentage return on invested capital in the respective farms.

Panco Poultry Cargill Company Ltd announced in September that its processing and hatching facilities were for sale, and if no buyer was found, all operations would cease by February 1, 1982. This would result in the loss of 27% of BC's processing and hatching capacity. In an effort to ensure sufficient processing and hatching capacity the Board loaned \$250,000 to Wm. Scott Poultry Co-Operative to purchase automated evisceration equipment to process an additional 100,000 head per week. The loan (at prime) was due May 1, 1982 and was repaid with interest at prime rate.

1982 saw the closing of Panco Poultry Chicken Processing and hatching facilities. The Board entered into legal agreements with Centennial and Horizon Hatcheries to assume Pacific Cargill's hatching egg contracts for flocks being raised in 1982, providing for the Board to undertake to dispose of any surplus eggs from these flocks up to May 1983. The downturn in the 1982 chicken market resulted in 17% less hatching eggs being required and surplus eggs from the assumed Panco Cargill flocks, which had to go to the egg breakers. The costs for egg breaking and early flock slaughter were recovered from the special breeder fund.

The Board now represents three sectors of the BC Chicken industry, producers of broilers and roasters, and the producers of hatching eggs. The price for live chicken is set by negotiation with the chicken processors, based on the established cost of production (COP) formula and market conditions. The price of hatching eggs are set by a COP formula, but virtually all of the production of hatching egg farms is sold to the broiler and roaster farms after eggs are hatched at hatcheries.

In 1982 conversion was undertaken to the Metric system.

Chicken City, White Spot Limited, sold their chicken processing facilities to Sunrise Poultry Processors Ltd in May 1, 1983. Mr. Peter Shoore as the owner and General Manager aggressively expanded by catering to the 9-cut restaurant market and the fresh chicken volume at the retail chain stores. Later in 1983 Sunrise Poultry entered into processing and wholesaling fresh BC roasting chickens on a weekly basis.

Okanagan Hatchery Ltd, Armstrong BC, started setting eggs and hatching chicks in April 1983 to supply the growers in the Okanagan region. Breeder quota from the Fraser Valley was relocated to the Interior to establish two broiler farms to supply the Okanagan Hatchery's hatching egg requirements.

In 1982 the Canadian Broiler Hatching Egg Producers Association submitted a plan to the National Farm Products Council for the establishment of a National Agency for hatching eggs under the National Farm Products Marketing Agencies Act.

In 1982 the BC Chicken Growers Association in conjunction with the BC Ministry of Agriculture developed a Chicken Health program. The Board entered into a contract with the BC Ministry of Agriculture for sharing the cost of the Chicken Health Program. The term of the contract was for one year effective July 29, 1983 unless extended by mutual agreement. The Board's responsibilities were to prove the cost of converting space in the Poultry Test Station from an incubator's hatchery to a microbiological laboratory, as well as employ and pay the salaries and fringe benefits of 2-full time technicians to work in the microbiological laboratory at the Test Station.

The BC chicken market, during 1983 continued to change to an almost 100% fresh sales, as major retailers, due to competition, are reflecting the BC consumer's preferences. The Board, in discussions with BC Processors, decided not to assist the local industry in meeting the low priced frozen chicken offerings from outside the province. The establishment of more competitive BC live and wholesale prices permitted the Board to reduce the advertising and promotion expenditures for the year. The reduced advertising expenditure was reflected by a reduction in the Board levy from 1 cent a pound to ½ cents per pound live weight.

In May 1983, Arne Mykle was elected 1st Vice Chair of the Canadian Chicken Marketing Agency (CCMA).

1984 was another record breaking year for the British Columbia Chicken industry. Production increased by 10.7% and grower prices reflected good margins after all input costs. The 1984 Provincial quota was established at 41,652,000 kgs (eviscerated weight). The broiler cycle was reduced from 77 days to 75 days and the roaster cycle from 105 days to 102 days. One cycle of Class B and Class R quota was allotted in 1984. The BC industry to improve efficiency, reduced the broiler cycle to 70 days and the roaster cycle to 95 days effective with placements on farms November 18, 1984. The trend for shorter cycles was evident in all broiler producing provinces as heavier live weights were being experienced with a shorter growing time.

Final production in BC for 1984 was 41,120,000 kg (eviscerated weight), for a utilization of 101.12% of the 1984 quota. A monetary penalty was assessed to the Board by the CCMA in the amount of \$12,929.75. Individual growers who over produced their allotted quota in 1984 were not assessed the monetary penalty by the Board. The Board applied the monetary penalty to individual growers in 1985, allowing 3-cycles for growers to correct under and over production.

The Board entered into a Cornish program with Colonial Farms and Scott's Poultry to permit growers to raise Cornish on permit, outside their quota allocations. In analyzing Cornish production it was determined that local Cornish could not compete with imports from Manitoba and Alberta and the Cornish program was discontinued for 1985.

The regular broiler live price average was \$1.1908 per kilogram live weight in 1984 compared to \$1.1142 per kilogram live weight in 1983, an increase of 6.8%

In 1985 BC again shortened the cycle lengths for both broilers (now 68 days) and roasters (now 93 days). This was again revised downwards on October 28, 1985 to 63 days for broilers and 86 days for roasters to meet the required increase in 1986 production. BC was short of product to meet its emerging markets.

BC received an additional allocation of 1.6 million kilogram for the Expo 86 demand.

Sunrise Poultry Processors in December 1985 reported to the Board unauthorized production that occurred between June and November 1985 totalling 1,027,299 kg live weight. The Board assessed a monetary penalty of 18.25 cents per kilogram live weight (for a total of \$187,469.26). The 1985 unauthorized production was to be cut-back to ½ in 1986 and ½ in 1987 as not to disrupt the orderly marketing of chicken for the BC market through the peak summer demands and the Expo 1986 period.

In 1985 BC was assessed a monetary penalty of \$179,474.50 by the CCMA on 1,159,697 kg of over production, with a cutback to occur in BC's quota allocation ½ in 1986 and ½ in 1987.

In March 1985 Arne Mykle was elected Chairman of CFC.

1986 was the "Silver Anniversary" of the BC Chicken Board, which had been in existence for 25 years. Total sales of BC chicken topped 49 million kilograms eviscerated. There were 228 growers in BC (186 in the Lower Mainland, 22 on Vancouver Island and 20 in the Interior region). The regular broiler price average for 1986 was \$1.1062 in 1986 compared to \$1.1515 per kilogram in 1985 a decrease of 4.1 %. The farm gate receipts from live prices for all classes of the regulated product sold in 1986 in BC was \$74,602,000.00

In January 1986, Wm Scott and Co, BC's oldest poultry processor (established in 1905) was sold to Lilydale Poultry Cooperative of Alberta. The sale included the Port Coquitlam processing plant and Victoria processing Plant as well as Centennial Hatchery in Aldergrove. Two years prior, in 1984, Lilydale had purchased the Pan-Ready Poultry turkey processing plant in Abbotsford.

In 1986 the Board approved an annual audit plan for grower live chicken shipments to all BC chicken Processors. The audits were conducted by CCMA auditors under a cost sharing system.

The CCMA reduced their portion of the levy from 0.2816 cents/kg down to 0.2100 cents/kg live weight, due to a budget surplus. The Board levy remained at 1.1 cents/kg live weight.

In September of 1986 the Board converted all secondary and roaster quota to primary quota and effective January 1, 1987 each registered grower who had not previously transferred a portion of their quota was eligible for a new secondary quota. Broiler growers received 9,185 kg of secondary quota and roaster growers received 12,519 kg of roaster secondary quota. The new secondary quotas were tied to the grower's premise and were only transferrable in the event of a farm sale.

The Board for the year 1987, on a trial basis to provide flexibility to the BC Chicken Processors, permitted growers who have under produced after 3 cycles, to lease out their under production. The Board expects flexibility from growers to fill gaps in a processing plant's slaughter if required to meet fresh chicken sales.

1987 saw the continued growth in chicken production in BC in the record amount of 11% increase over the previous year. At the retail level, depending on the time of year, whole frying chickens were featured between 78 cents and 89 cents per pound as consumers again received an excellent value for their food dollars.

BC was denied additional quota for 1987 by the CCMA, putting BC in a severe over production penalty situation in the amount of \$630,061.00 (2,250,244 x 25 cents/kg). BC retained legal counsel to challenge the validity of the CCMA's 1987 assessment of BC's monetary penalty.

The Board effective with placements on farms May 25, 1987 increased the per bird quota weight as follows:

- i) All broiler quota, secondary quota and broiler permits were revised on the basis of one quota bird equals 1.929 kg live weight, at 0.75 square foot; this will be adjusted to 2.57 kg live weight of quota at 1 square foot of building space.
- ii) all roaster quota, and roaster secondary quota was revised on the basis of one quota bird equals 3.81 kg live weight, at 1.48 square foot, this will be adjusted to 2.57 kg live weight of quota at 1 square foot of building space.
- iii) Maximum quota is 135,024 kg live weight for a registered grower per cycle.
- iv) Minimum quota is 19, 290 kg live weight for a registered grower per cycle.

It was estimated that the higher bird weight added approximately 1.3 million kgs (eviscerated weight) to BC's chicken production in 1987, the 5% increase in density in the live weight per square foot of building space is a continuation of the long standing progressive program of the BCCMB whereby it improves the efficiency of chicken production in BC. The improvement in industry performance keeps it abreast of developments elsewhere in Canada, and thereby enhances its competitive position.

The Board after 25 years of cooperation decided to amend and update the General Orders to cover a number of loop-holes. The update was completed August 1, 1987.

The results of processor audits show all live regulated product shipments were being reported to the Board.

The Hon. John Savage, Minister of Agriculture and Fisheries informed the Board that the Provincial Government will be reviewing all quota policies so that the value of quota will not become a hindrance to growth and development and that new market opportunities can be effectively addressed.

In March 1987 the BC Hatching Egg Producers Association met with the Ministry of Agriculture to investigate the formation of a Broiler Hatching Egg Commission. The Chicken Board indicated to the BC Minister of Agriculture that it had endorsed the creation of the Broiler Hatching Egg Scheme as it felt such a scheme would be beneficial to the Chicken Industry. On October 27, 1998 the BC Hatching Egg Producers were granted their own Scheme, with the formation of the BC Broiler Hatching Egg Commission by the BC Government.

In 1988 with the establishment of the BCBHEC, the Broiler Breeder position on the Board was filled by a broiler grower.

The strong consumer demand for chicken in BC during 1988 continued and intensified BC's quota allocation dispute with CCMA. In January a further request for special consideration was refused resulting in BC appealing to the National Farm Products Marketing Council. An attempt at a mediated settlement between CCMA and BCCMB legal counsel failed. BC maintained the position that CCMA had no flexibility in the quota allocation process and the Board was forced to state BC cannot be left to move from one ad hoc crisis to another. On December 19, 1988 the BCCMB, with the concurrence of the BC Minister of Agriculture and the BCMB gave notice to the Agency to withdraw from the National Chicken Plan.

BC was assessed an over marketing penalty for 1988 of \$774,094.00 by the CCMA.

From 1989 and forward into the 1990's the BC Chicken Industry continued to look for higher production as the potential for further processed chicken products is an untapped market at this time. BC Chicken Growers and Processors, as well as allied industry, have a great potential for expansion in this new chicken market. The BC chicken segment is the premier growth industry in BC agriculture. The Board's policy on future growth is that there is uniform Quota allocation to each region of the Province as BC Processors compete for the available live chicken supply as one market. The Board, in calculating the uniform growth into the 1990's for each region, must also take into consideration and work towards a one live price system as being appropriate for the province if all regions are to remain competitive.

The Board during 1989, continued negotiations with the Canadian Chicken Marketing Agency in regard to the 1989 monetary penalty initially assessed at \$779,930.75. A

settlement was reached in May 1989, whereby the Agency agreed to add an additional 3 million kilograms to BC's 1988 Quota, thereby reducing BC's monetary penalty to \$12,425.00 and an over production cut back of 634,342 kilograms eviscerated weight (delayed until the 1990 Quota year). The Board, in May, took the position that BC was no longer a member of the Agency effective December 31, 1988; therefore, the 1989 Quota allocation issue and beyond was not solved during the year. The Board did not pay levies (\$364,342) to the Agency, however did attend CFC meetings when invited as observers at the Board's own expense and abstained from voting on any Agency decisions.

In 1989 new secondary quota was issued effective April 17, 1989; the Board rolled all secondary quota to broiler quota, and registered growers who were eligible, were granted 9,644 kg new secondary quota or 13,145 kg new roaster secondary quota providing the required building space was in place by December 31, 1989. The maximum quota size was increased from 70,000 (135,030 kg) birds to 100,000 birds (192,900 kg)

A new Grower policy was implemented via lottery for 20 successful applicants who were eligible to acquire 5,000 birds (9644 broiler kg) from the Board for a registration fee of \$75,000, in addition 5,000 birds (9,644 kg) secondary quota were issued to each new grower. The regional distribution of new farms was 2 in the Interior, 2 on Vancouver Island and 16 in the Lower Mainland. The successful applicants had until August 1, 1990 to satisfy the Board that they have acquired a farm suitable for the production of the allotted quotas.

In 1989 the roaster cycle was changed from 86 days to 63 days (set at the same length as the broiler cycle). Roaster growers had their quotas stated on a 63 day cycle on their 1990 licences. Roaster growers continued to produce roasting chickens on a longer cycle, but their production forms were calculated on a 63 day cycle making the necessary adjustments for a longer cycle. This was a move to provide more equity between roaster and broiler quota production levels.

The Board on September 1, 1989 suspended the leasing policy until February 1990. In the interim industry was to provide input to improve the current leasing policy.

The Board entered into a 24 month contract (effective November 6, 1989) to provide 5,000 cockerels and 5,000 pullets each week to Western Protein Foods Ltd of Langley. Each registered grower was issued a 5,000 bird further processed permit during the length of the contract. The permit was in addition to the regular quota system and was designed solely for the expanding further processed chicken manufacturing market.

The North American Free Trade Agreement came into effect January 1, 1989, and the negative effect on the Chicken Industry was that duty was reduced from 12.5% to 11.5% on imported chicken and the US import Quota was expanded from 6.3% (32 M kgs) to

7.5% (40 M kgs). The 17 1/2% duty on named further processed chicken products that are not on the import control list, was phased out in 10 equal steps starting on January 1, 1989.

The year 1990 was another record breaking year for the BC Chicken Industry, preliminary chicken production figures at 70.1 M kgs (eviscerated weight) resulted in an excellent growth of 11.2% over the production of 62.4 M kgs (eviscerated weight) in 1989 and 20.6% higher than 1988. Market place and processors indications were that 1990 production met known chicken demand. The large increases in BC chicken over the previous 5 years peaked in 1990 and would level off in 1991, with a normal growth increase of 1-2%.

Effective January 1, 1990 BC was no longer a signatory to the National Chicken Marketing Plan. It was decided by the Board that it was in the best interest of the BC chicken industry to support the maintenance of the CCMA and looked at various options in cooperation with CCMA to ensure that BC conforms to the goals and objectives of the National Supply Management Program. The CCMA on May 31, 1990 settled all monetary claims and other outstanding issues when the Board agreed to pay the following:

- The 1989 levy in the amount of \$367,964.00
- The final payment of the 1987 monetary penalty of \$213,000.00 due July 1990.
- A fee of 0.5 cents per kilogram live weight for all chicken marketed in BC commencing May 1, 1990 and continuing until December 31, 1991 (estimated at \$800,000.00)

During 1990 the Board implemented the following quota policy changes:

Spot Market Supply Program: supply 50,000 birds/week to Island Poultry Farms Processing Plant. A lease fee of 30 cents/1.929 kg live weight of broiler marketed was collected by the Board. The program terminated with the receivership and closing of the plant July 26, 1990. A portion of the lease fee collected was used by the Board to reimburse 9 growers who received NSF cheques for their live chicken shipments just prior to receivership. The growers attempted to claim the \$100,000 security bond on behalf of the Board which was posted by Island Poultry.

The leasing policy was revised on January 1, 1990. Under the new program growers under produced for 3 consecutive cycles had to give up their underproduction to the Board for a fee of 30 cents/1.929 kg. The underproduction acquired by the Board was leased by the Board at a quarterly hatchery meeting.

The Board implemented a Niche Market – Specialty Chicken Supply Program, with the issuance of permits of a maximum of 1000 birds/week at a lease rate of 30 cents/1.929 kg live weight. Permit holders were required to obtain a sponsor who was responsible for any over marketings.

On September 14, 1990 the Board cancelled the Western Protein Foods Pilot Program, as the user JD Sweid could not reach an agreement with the BC Processors to slaughter and de-bone the permit birds according to their specifications.

In 1990, the Board approved a request for 8,000 cornish per week to fill the fresh market demand. This was done in the form of a permit to registered growers (30% of the live weight from the grower's quota, 70% in the form of a permit).

BC Marketed a 12.81% share of Canada's chicken production in 1991 compared to our 1990 share of 12.60%. Canada's chicken production peaked in 1989 and has since been declining, whereas BC's chicken production continues on an upward trend line. Due to record high levels of frozen chicken inventories in Central Canada, and Quebec offerings of both fresh and frozen chicken delivered to Vancouver far below the BC processors wholesale price; the Board in cooperation with the BC Processors developed a rebate program which enabled BC processors on a spot basis to meet the low priced out-of – province chicken offerings to BC retail buyers. Agreement within the industry was that the most effective way of meeting these distressed chicken offerings was with the rebate program rather than lowering the current live price in the short term. In September, the BC live price decreased 4.40 cents/kg in response to the Ontario Tribunal Pricing situation. The rebate program was successful in maintaining chicken prices and volumes for the year, but resulted in a Board budgetary deficit of over \$900,000 in 1991.

The Board continued to support the CCMA with the payment of voluntary levies of 0.05 cents/kg live weight for the year. The BC Board and Agency could not agree on BC's 1991 quota as the Alberta delegates felt the BC quota was too high and hence there was no contract for BC's 1991 production level.

The Pilot Program at Western Protein was terminated December 16, 1991. The Primary Processors requested the cancellation as legs and wings from the permit were being sold on the fresh market. Western Protein decided to contract directly with growers for their weekly live supply.

In 1992 BC Processors approached the Hon. Bill Barlee (Agriculture Minister) with a brief requesting a Pricing Tribunal be established by the BC Government, along the lines of the Ontario Pricing Tribunal. Instead the Board's long standing pricing policy was developed from the following criteria:

- (i) The COP is used as a guide but feed price changes are the main costs that affect the live price.
- (ii) Live prices in effect in neighbouring provinces
- (iii) Current and future production levels in BC and other Provinces.
- (iv) Canadian frozen chicken inventory levels.
- (v) General Market conditions for fresh chicken at the wholesale and retail levels.

The Board with the agreement of the BC Processors incorporated into its pricing policy the adjusting of the live price up or down in relation to day old chick prices in response to the COP formula for the pricing of hatching eggs.

The Board again this year made attempts to fine tune the rules for individual growers to adhere to the 7 cycle lengths and quota levels for each cycle. The hatcheries and growers listened and the 1992 summer peak production achieved the highest level on record; although growers continue to be tempted to place production according to the available building space rather than the Board's 6 period yearly quota allocations.

The issue of vertical integration by corporations versus the traditional family farm was reviewed in April by the Board. The industry was notified of the strict enforcement of the General Orders regarding the prohibition of financing of quota and farms by a Feed Company, Processor, Hatchery or any person who represents or has any financial interests in the chicken industry, or trade allied to chicken production. For the balance of 1992 it can be confirmed that all segments of the industry have responded with good cooperation since the Board started enforcing these prohibitions and allied financing of quota and farms has ceased.

The Board in October issued another 5,000 bird secondary quota to all growers registered with the Board who had not transferred a portion of quota on October 1, 1992 with the provision that space be provided by April 5, 1993. The secondary quota issued prior to October 1, 1992 was rolled into primary quota. Maximum farm size increased by 5000 birds to a total of 105,000 birds (292,644 kgs). The Board completed the New Entrant Program by offering the two remaining successful reserve applicants quota.

The Board in consultation with CCMA agreed to a contract for 1993 – BC agreed to set an annual quota of 81 million kilograms eviscerated weight; pay a levy of ½ cent a kilogram live weight, be subject to the CCMA annual penalty on overproduction with a 1% sleeve, post a security bond in the amount of \$276,923 and attend CCMA meetings as non-voting members with CCMA covering the expenses for two delegates.

The Board's deficit at the start of the year was turned around to a year ending surplus.

In 1993, Art Stafford, the General Manager of the BCCMB celebrated 25 years as Secretary-Manager.

The Board completed the agreement with the CCMA to adhere to an annual quota of 81 million kilograms eviscerated weight and after a 1% sleeve a monetary penalty of 50 cents/kilogram assessment. During the 6 quota periods, the individual provinces received increases in quotas due to the increased chicken demand. The BC Board at the

July 1993 MMAC meeting requested an additional 1.4 million kilograms to its 1993 base annual quota, the request was denied. The Board, in conjunction with the BC processors, made the decision to meet the strong BC chicken demand and over-produce the Agency quota allocation. The CCMA 1993 monetary penalty was estimated at \$1.26 million dollars. The BC Board is confident that only 10% of the monetary penalty will be payable as the Agency had made the decision to assess their member provinces at the 10% level.

As a result, BC would take a wait and see attitude in regard to the future as a member province of the CCMA. Ontario at the end of 1993 gave notice to withdraw as a member of the CCMA because the member provinces would not adopt a more market responsive quota allocation system.

The Board, in cooperation with Shafer-Haggart Ltd, a brokerage firm in Vancouver, and the BC Processors developed a test BC Export Chicken Marketing Program. The Board during the test period from April 1993 to December 1994 granted export permits to registered growers to supply up to 100,000 birds per month to each Processor for the test export chicken market.

A revised New Entrant Program was discussed with the BC Marketing Board but the program was not finalized in 1993. The timetable for the proposed new grower program is to be effective April 1994.

Since 1987 the BC Agriculture Land Commission has refused to sub-divide parcels of a family farm to create a second production unit. The Board's long standing quota policy is that there is only one quota allowed on a parcel of land, and a number of growers in the past have subdivided their farm property into two parcels of land and acquire quota to start a second family farm. Recently a number of family farms have received approval to sub-divide their farm land by their Municipality but have been refused sub-division by the Land Commission. The BC Land Commission has requested the Board to develop a Leasehold Policy (temporary sub-division) to support the family farm concept. The Leasehold by explanatory plan must be for a period of not less than 10 years and requires approval by the Agricultural Land Commission and then registration at the Land Titles Office.

1994 was another record breaking year, and a 13% increase over the previous year. The chicken market share war taking place between Ontario and Quebec had a direct effect of up to 10 cents/kilograms on the lower price of chicken at the farm gate in all Provinces. The reduced grower returns continued in to 1995 and indications point to a trend that the lower grower returns may be part of the new reality of the rationalization taking place in the Canadian chicken industry.

It was the consensus of all the stakeholders in the BC chicken industry that cutting back local production would be a negative step and would allow Central Canada to fill that portion of our established market.

BC paid 10% of the 1993 monetary penalty to the CCMA for a cost of \$108,844.00; BC paid a voluntary levy of 0.04 cents/kg live weight and the CCMA paid expenses for two BC Directors to attend agency meetings.

The proposed new National Allocation Pricing Agreement (NAPA) was implemented on a trial basis, but was not “legalized” by the draft “MOU” which requires each provincial Board’s signature. The new approach was to move away from the historic “top Down” formula quota allocation to a “ground up” allocation system. The new approach was not accepted by provinces from Quebec East and the draft MOU on the NAPA agreement continues to be debated around the CCMA Directors table.

In 1994 the BC Chicken Growers voted 89% in favour of rejoining the CCMA, this overwhelming response underlying the need for all growers to work together in a united front to meet the challenges of the new GATT trade rules effective January 1, 1995.

The BC Minister of Agriculture on December 9, 1994 fully supported the efforts of the Agency towards the development of the new quota allocation system, and the re-negotiation of the Federal-Provincial Agreement, thus preventing the BCCMB from re-joining the Agency until a new FPA is negotiated.

In March 1994, the Board reinstituted the JD Sweid/Hampton House Further Processed Chicken Permits for 20,000 birds/week. Each registered grower was allotted one further processed permit of 9,644 kg during the Pilot Project.

On April 1, 1994 the New Entrant Program provided for 23 new growers by lottery, 5 on Vancouver Island, 16 on the Lower Mainland, and 2 in the Interior Region. Also on April 1st new secondary quota in the amount of 9,644 kg was issued to all registered growers who had not previously transferred quota and provided for the required building space before April 1, 1995.

In June, BC Processors informed the Board that a surplus of roasting chickens including roaster pullets was having a very depressing effect on the wholesale roasting chicken prices. The weekly roasting chicken supply was drastically reduced by roaster growers marketing their flocks as broilers during the summer. Each Processor subsequently reduced their roaster supply requirements, and the production of roaster pullets was dropped except for a limited demand for the heavy pullets for the Chinese Market.

The BC processors filed an appeal against the August 28, 1994 live price order, as well as reducing the 3 cents/kg “bonus” to 0.74 cents/kg effectively offsetting the amount of the live price increase. The Board and Processors subsequently settled via mediation on

September 26, 1994 that the live price of August 28, 1994 at \$1.10/kg would remain in effect and effective on October 24, 1994, the “bonus” would be increased from 0.74 cents/kg to 2.0 cents/kg.

The BC Processors requested the Minister of Agriculture to amend the Chicken Scheme to remove the live price setting powers and to implement a final pricing arbitration system. The BCMB was named as facilitator to solve the pricing issue and after a series of meetings a Pricing and Production Policy was drafted providing for an advisory committee on pricing and production consisting of 3 processors and 3 grower representatives. The new process was to be implemented in early 1995 and the committee will make recommendations on volume and price for each CCMA quota period.

The Board formed an Export Committee to draft guidelines in consultation with industry stakeholders during 1994. The chicken export program continued in the test stage and as to date has not been shown to be financially viable and revised guidelines were not completed by year end.

The revised under/over production penalty system was approved for implementation effective January 1, 1995. A monetary penalty of 44 cents/kg live weight was assessed every 2nd cycle beyond the 100% sleeve, and under production beyond the 10% sleeve will be cancelled. Registered growers were now assigned a “home week” to assure an optimum weekly live chicken supply for the local market. The required discipline is to ensure orderly marketing of the regulated product and eliminate the “peaks” and “valleys” of production.

1995 set new records as the BC chicken industry broke the 100 million kilogram (eviscerated weight) mark for chicken. The BC chicken industry continues to suffer pricing pressure from other provinces, but the trend eased somewhat as Ontario and Quebec increased chicken prices that had been creating lower returns in all provinces. BC chicken prices remained lower than the previous year reducing farm gate returns 12% to \$121.9 million from \$138.7 million in 1994. Escalating feed costs also resulted in a consensus by western provinces to increase live prices in November to improve grower margins.

The BCCMB worked with the CCMA to resolve the National Export Program for the new year while continuing to develop and update the BC chicken export permit guidelines. The CCMA and Canadian processors are developing guidelines for the export program as a means for disposing of surplus dark chicken meat. A monetary penalty system was approved at CCMA, which requires all provinces to post a bond. The CCMA levy was reduced from 0.4 cents/kg to 0.27 cents/kg live weight effective March 5, 1995.

With the New Year came the New GATT Agreement effective January 1, 1995. Canada replaced chicken import quotas with new tariff rate quotas (281%) but the US requested

a special 150 day consultation period on the new tariffs. The US claimed Canada cannot erect new duties without the consent of its NAFTA partners. The result of the GATT Agreement will force growers to produce more volume and accept a reduced income. The dispute is expected to be addressed in the new year with a decision by July 1996.

The BCMB ordered the BCCMB to establish a Pricing and Production Advisory Committee (PPAC) effective on February 16, 1995 to advise the Board on issues related to pricing and production decision the Board has made or will make. The committee consists of 6 appointed members equally representing chicken growers and processors. There is also an alternate from the growers and processors and a member of the BCBHEC appointed as an observer of the proceedings. If the committee cannot reach an agreement, there is a process for mediation or arbitration.

Also in February the BCMB ordered the BCCMB and BCBHEC to undertake a pricing linkage study between the price of hatching eggs and live regular broilers. The BCMB also recommended to the Minister of Agriculture that the Board's powers to regulated broiler chicks be cancelled, and these powers granted to the Hatching Egg Commission. The Chicken Board expressed its concerns to the Minister.

Growth in 1996 levelled off due to the world grain shortages and higher feed prices. Growers are in survival mode, as producer returns have hit a 25 year low, into the single digits. Declining profit margins in the chicken industry over the last few years due to national oversupply and increasing feed costs is expected to continue into the future.

Feed Freight Assistance from the government ended as of December 31, 1995. In lieu of the FFA program, a National Task Force was created to establish a distribution of an adjustment fund consisting of \$72 million, of which BC received approximately 32% over 3 years, and the chicken industry received funds totalling over \$3.5 million to date. The Board in April of 1996 entered into an agreement with ARDCORP to assist in the distribution of Feed Freight Assistance Adjustment Funds to individual producers, based on calculations provided by the committee set up to distribute these funds. In 1996 two payments were made to the chicken growers of BC, with the third and final payment tentatively scheduled for April 1997.

The PPAC order was finalized and circulated to industry November 18, 1996. The Board appointed Clarence Jensen as the independent chairman as RA Stafford resigned from this position on October 30, 1996.

The Price Waterhouse Linkage agreement as ordered by the BCCMB was finalized between the BCCMB and BCBHEC. It reflects the linkage between the price of live chicken, hatching eggs and the chick price based on the updated costs of production starting with period A-08 (effective August 4, 1996).

On September 12, 1996 the Board increased the maximum and minimum farm size from 10,000 birds to a 15,000 bird minimum and the maximum from 110,000 birds to 150,000 birds. The secondary quota for registered growers who had not previously transferred a portion of their quota was also increased by 5,000 birds effective September 12, 1996. The new secondary is tied to a grower's premise, and may be transferred only in the event of a farm sale, however, they are without a space requirement at this time.

New guidelines for the BC Export Guidelines were approved by the PPAC on October 20, 1996 and adopted by the BCCMB on November 4, 1996. The CCMA national export policy was unanimously approved on October 3, 1996 for implementation March 16, 1997. It allows for planned exports of Canadian chicken and allows the processing industry to compete in a global world market for chicken. The policy was developed in close cooperation with the CPEPC as federally inspected primary processors will play a key role in the new policy.

In December 1996, the lease and grow out rules were amended. A registered grower can have a lease or grow out at another registered grower's premises that may not be placing and shipping with the same hatchery and processor; providing the competing hatchery and processor are notified in advance that the space is being utilized in this manner. The production from the lease or grow out must go back to the hatchery and processor that the registered grower has been shipping to for the previous 6 cycles, and requires prior Board notification and approval.

It was a great relief that the NAFTA ruling in Canada's favour of July 1996 was upheld in final appeal September of 1996.

The Board had the opportunity to meet the Minister of Agriculture, Fisheries and Food, The Hon. Corky Evans on February 19, 1997 to present a brief on the proposed new Federal Provincial Agreement in respect of the Orderly Marketing System for Chicken in Canada. The Minister was asked for his support to the farm sector by endorsing the new agreement on behalf of the Province. The Minister requested a broad consultation process, and economic analysis and a vision post GATT, prior to taking a proposed new FPA to the Provincial Cabinet for endorsement.

1997 saw changes made to the election procedure for Board Members, changing from the ballot casting in person at the association meetings to write in ballot only.

On May 11, 1997 the Board rolled the "old" secondary quota to primary quota, leaving only the new secondary quota (issued September 12, 1996). The new secondary quota is still tied to a growers' premise and may be transferred only in the event of a farm sale; however, it is still without a space requirement.

Ongoing is the consultation and discussions with provincial marketing boards and provincial governments to finalize the new National Allocation Agreement (NAA) with the 10 member provinces of Chicken Farmers of Canada (CFC). The agreement is expected to be signed early in 1998 by all 10 provincial commodity Boards.

On September 25, 1997 the Board after consultation with the PPAC, embarked on a new system of allocation quota in the province of BC. On September 9, 1997, a one time only “transitional quota” was issued on a sliding scale to all registered growers. This allowed change to be made to the minimum and maximum farm size from 15,000 birds to 20,000 birds and from 150,000 birds to 200,000 birds. With the start of utilization of the transition a quota (projected to occur in the summer of 1999), the minimum farm size will be increased to 25,000 birds and the maximum farm size will increase to 250,000 birds.

The Board also amended the Over and Under Compliance Order. There will now be 2 penalty periods per year, one for under production in the spring, and one for over production in the fall, with both periods having a 15% tolerance sleeve.

On September 25, 1997 the Board after consultation with the PPAC revised the leasing program. Now growers may lease up to 20% of their total quota per cycle for the purpose of quota maintenance. Growers may lease one cycle of total quota, once per calendar year. Leases must be produced within the same region, but may be marketed out of the region.

The PPAC now consists of a broad stakeholder base of 13 members, to deal with all matters relating to the chicken industry. It consists of growers, primary processors, bankers, retailers, hatchery and hatching egg producers, feed manufacturers, further processors and resource persons from the BCMAFF. A newly formed “Joint Committee of the PPAC” has been formed specifically to negotiate price and production for a specific 8 week quota period. The Chair for both the PPAC and Joint Committee is Mr. Wayne Wickens. The Joint Committee consists of 3 Board members plus 1 alternate and 3 processors and alternate. It also contains several non –voting members from the BCBHEC, 2 more processors and 1 more Board member.

During 1997 and early 1998 CFC and its industry stakeholders developed a new National Allocation Agreement (NAA) which was signed by all 10 provinces on March 25, 1988 in Ottawa. The new NAA enshrines the concept of “bottom up” whereby market requirements are set in consultation with processors and other industry stakeholders. The NAA set a national cap of 5% with flexibility for regions to grow at 8% by accessing the market responsive pool, while containing safeguards that should trigger before any serious problems develop. It makes changing the cap an industry wide decision as a triple majority of the CFC Board of Directors is required: that is the majority of Directors; a majority of market-share; and the votes of at least two of the four downstream Directors. The new NAA also contains a provision for provinces to request special

consideration under exceptional circumstances. Several BC processors appealed the BCCMB's right to enter into the new NAA which they eventually launched to the Supreme Court of BC. The BCMB intervened and permitted the BCCMB to sign the NAA and the Western provinces' MOU but their directive was conditional:

- (1) Confirmation by the Board that the 3 conditions approved at the Feb 16/98 PPAC meeting
- (2) The export program remain unchanged for the first 2 years of the NAA except for
 - (a) The first 2 years except by consent of the BCCMB and PPPABC.
 - (b) After 2 years and for the duration of the NAA (including any extension) by mutual consent or BCCMB decision after discussion by the PPAC and JC.
- (3) The Board confirms that the BC Export Program is strictly and entirely a provincial responsibility and will be influenced only by provincial requirements.
- (4) BCMB will permit any or all appeals
- (5) BCMB reserves the right to direct the BCCMB to exit the NAA.

The Joint Committee of the PPAC on January 16, 1998 agreed to a 6 period pricing arrangement for BC after protracted negotiations. The BC live price was set for 6 periods from A-18 through A-23 inclusive based on a range from 4 to 5 cents above Ontario's posted price. Growers complained at the length of the multi-period arrangement and its failure to address a better price especially during the summer months.

In February the BCMB undertook, at the request of the Minister of Agriculture and Food, to begin a Regulatory Review Process to increase the effectiveness of existing schemes and to update and streamline them for more efficient administration. All Boards and Commissions, under the instruction of the BCMB prepared a Strategic Plan and reviewed the effectiveness of their Schemes and made recommendations for regulatory improvements within their schemes and non-regulatory improvements outside the scheme. The BCCMB met those objectives and filed its reports with the BCMB within the time frame prescribed. The consultation process with industry was less than fruitful as the processors thwarted any useful direct consultation through the PPAC process. Concerned with the lack of consultation, the BCCMB engaged Korbin and Associates to inquire into the outstanding issues between the BCCMB and PPPABC and filed their report with the BCMB on November 26, 1998. The BCMB is to file its report to the Minister on behalf of all Boards and Commissions.

Lilydale Poultry Co-operative announced in February of 1998, the pending closure of the Langford processing plant on Vancouver Island April 6, 1998.

On June 3, 1998 the Board and Mr. RA Stafford after 30 years of employment parted company. In August of 1995 the Board had entered into a revised contract with Mr. Stafford which guaranteed him employment until retirement at age 65. The contract also contained provisions that should the Board alter Mr. Stafford's duties significantly from those detailed in the contract he could challenge the Board and exercise the

payout provisions within the contract. Additional provisions within the contract existed which provided terms upon dismissal which included the number of months for severance, pension top up, and allowed for him to be re-employed with the related industry. The Board retained personnel counselling services of KPMG Peat Marwick to assist Mr. Stafford with respect to any consultations he required regarding retirement services, relocation etc. In the Board's view the revised contract was very poorly written which led to a long and protracted legal argument which eventually went to court. The judge sided with Mr. Stafford and the matter was eventually completed on December 9 1999.

On December 23, 1998 the Board employed Mr. Claude Lussier as the New General Manager. Mr. Lussier commenced working with the Board in early February 1999. He was born and educated in Manitoba, obtaining his Masters in Rural Economics from the University of Manitoba. He has spent his entire working career in serving the agricultural community. Since 1987 Claude had spent the majority of his time in various capacities with the Federation of Agricultural Producers of Quebec, which included chicken, turkey and hatching egg sectors.

On December 4, 1998 the Board along with Executive Members of the Growers' Association met with the Minister of Agriculture and Food, the Honourable Corky Evens, his deputy minister, Ms. Catherine Reid and Mr. Ross Husdon, chair of the BCMB. The purpose of the meeting was to inform the Minister, his senior staff and the BCMB of the current status of the export program and its effects.

The existing PPAC and Joint Committee terms expired December 31, 1998 as per the BCMB order – BCCMB 1/97. New members will be appointed for a 2 year term beginning in January 1999. The PPAC will continue to consist of broad stakeholder base of 13 members to deal with all matters relating to the chicken industry. It consists of growers, primary processors, bankers, retailers, hatchery and hatching egg producers, feed manufacturers, further processors and resource person from the BCMAFF. The Joint Committee made up for 3 primary processors, 3 Board members plus observers continue to negotiate price and production for a specific 8 week quota period.

1999 was a year of change for the BCCMB. The various issues and concerns addressed by the Chicken Board in 1999 followed the direction of the BC Chicken Marketing Scheme in order to bring about accountability to the regulated product. The offices were moved from the Dale Building in Cloverdale to Windermere Court in Abbotsford in August.

In January 1999 the growers members of the PPAC won a pricing arbitration for quota period A-24 at the Ontario posted price plus 6 cents/kg live weight. In March the growers again won a pricing arbitration for quota period A-25 based on a weighted average of Ontario, Alberta, Saskatchewan and Manitoba plus 4.5 cents/kg live weight. In April all members of the Joint Committee of the PPAC successfully negotiated a multi

period pricing agreement for quota periods A-16 to A-30 inclusive (ending February 2000).

In March 1999 CFC in conjunction with the BCCMB held workshops for all chicken growers in the province with respect to On-Farm Food Safety Assurance Program (OFFSAP). This HACCP based program was to become mandatory in 2000.

In March 1999 Mr. Jim Beattie was hired as Production Manager and Policy Analyst. In October Mr. Greg Campbell was hired as Poultry Inspector (Compliance Officer), the first in BC chicken history.

Special meetings were held in September to explain the past and present method of allotting domestic quota to growers. Export production and its dynamics were also explained. A meeting was convened by BCMB on the merits of exiting or remaining in the National Allocation Agreement (NAA). After consultation with growers, the Board worked out a temporary arrangement respecting the Vancouver Island situation regarding ferry freight assistance.

The Board's election procedures were removed from the Chicken Scheme on January 18, 2000. All elected Board member positions were terminated. The BCCMB was transformed from a 5 member elected Board to an appointed 3 member Board by Order in Council on January 18, 2000. Appointed were retired Supreme Court Justice Kenneth R. Halvorson (Chair), Ms. Wendy Jeske (Vice Chair), and Mr. Stephen Mostardi. The appointed Board was charged with resolving several key issues concerning the Chicken Industry:

- Ensuring the PPAC is effective
- Develop short and long term plans to address future of chicken production on Vancouver Island.
- Establish an export program which meets BC's requirements
- Revise the domestic allocation system
- Amend or transform the NAA
- Implement production standards
- Develop a program to address organic and other niche market development.

As a result of the BC Supreme Court decision rendered April 4, 2000 the BCCMB was no longer a participant in the NAA or the LDA with CFC. Further the BCMB in a March 17, 2000 Supervisory decision directed the Chicken Board to prepare a revised export policy.

On April 10, 2000 the Chicken Board gave notice to all industry that a consultation process was to commence in order to complete a comprehensive revision of domestic supply managed policy concurrent with the development of BC Export Policy. The Chicken Board sought the advice of all sectors of the chicken industry regarding the

terms and conditions for both domestic and export policies. The policies were to permit BC to maintain a supply managed system whether a signatory to a new Federal Provincial Agreement or not.

On August 15, 2000 the Chicken Board passed and began the implementation of the new Regulations for a “stand alone” domestic and export chicken policy for the province of BC. The Regulations were subsequently appealed by the PPPABC (Hallmark and Sunrise) and other parties on August 25, 2000 and a request was made for a stay of implementation of the Regulations. On October 2, 2000 the BCMB ruled that a stay was not warranted. The appeal continued into 2001.

The Board actively participated at CFC, relaying its mandate and short and long term objectives to all provinces. At the CFC table progress was made in the drafting of an agreement which defined the parameters of the relationship of BC to the CFC in the period that BC was not part of any national agreement. The Board also reviewed and commented on the drafts of the FPA. The final draft of this document has been completed.

On June 1, 2000 by Order in council #761 the Lieutenant Governor of BC ordered the BCCMB to “not permit a disposition or transfer of quota issues to a person to produce regulated product on Vancouver Island or any area of the Province other than Vancouver Island unless the Board sets aside quota exclusively for purposes of the production of the regulated product on Vancouver Island in an amount the board permits of or transferred off Vancouver Island.”. The Board has created a Vancouver Island pool which at December 31, 2000 totalled 1,046,864 kg live weight (823,192 kg primary, 77,152 kg secondary and 146,142 kg transitional quota).

Effective August 31, 2000 the Board’s General Manager Mr. Claude Lussier resigned. Mr. Lussier was retained on contract as a consultant until February 2000 and was replaced by Mr. Jim Beattie, formerly the Production Manager on September 1, 2000.

The make up of the Board was modified by the Minister of Agriculture on October 5, 2000 by appointing two additional members to the Chicken Board. In the same order Ms. Jeske replaced Justice Halvorson as Chair, with the remaining members being appointed for a further term.

The 1997 PPAC order of the BCMB was transferred to the BCCMB and was made an Order in a Schedule of the Board’s General Orders. It can now be amended by the BCCMB.

The year 2001 was a year of consolidation and evolution in the BC Chicken industry. It was the 2nd year of a government appointed Board comprised of 3 independent members and one representative each from the grower and processor sectors.

2001 commenced with the use of the BC Form 100 and 101 by growers every cycle in order to obtain an allotment for each period. Export allocation was done by the Board since A-39. Under the new regulations, processors receive 100% of their export allocation, while all growers who qualify have the opportunity to participate in the export program. Period by period compliance became mandatory for growers. Growers are obligated to produce their allotment in kilograms each and every period in order to meet the product requirements of BC processors. The growers have worked diligently to adjust to the disciplined production regime flowing from the regulations and have gained confidence and success with each passing period.

Penalty regulations were instituted to deter significant over and under production in order to ensure that the provincial production meets processor requirements, satisfies the provincial allocation from CFC and fulfills the obligations of BC as a signatory to the new FPA to supply the Canadian Market. Previously unregulated product is now included with the supply management system.

Nationally, BC signed both a Service Agreement and Letter of Agreement with CFC for payment of service fee arrears and unpaid expenses with the CFC. This completion strengthened national supply management and supported the effort towards the goal of establishing the new FPA which was signed by the Honourable John Van Dongen, Minister of Agriculture, bringing BC back into the national system on July 1, 2001. With this signing, BC once again was a full member of CFC with all the rewards and responsibilities that go with membership.

The appeal by the PPPABC of the August 15, 2000 Regulations was withdrawn on February 26, 2001 subject to conditions. A new appeal was launched by Hallmark and Sunrise which was to be heard in the New Year.

In 2001 a surplus was declared and \$500,000 rebated to growers of record, based on actual production during periods A-36 to A-42. The levy was dropped from 1.50 cents to 1.25 cents/kg live weight effective December 16, 2001 for both domestic and export product. The export levy remained shared 50/50 between the grower and the processor.

In 2002 the Board exercised its discretion and imposed graduated over and under marketing penalties be enforced from A-39 to A-43. In A-44 any over or under marketing penalties were to the full extent of the Regulations.

The Board rolled secondary quota into primary quota effective with quota period A-50.

Nationally the Board concluded negotiations with CFC for the inclusion of approximately 930,000 kg live weight of permit production into BC's base effective with period A-49,

the production consisted of permit and unregulated production that the Board determined should be covered under quota but was not.

The Board commenced a review of the August 14, 2000 Regulations, accepting written submissions and holding public meetings.

The Board was successful at the Supreme Court of BC with a ruling of Justice Lynn Smith identifying that there is nothing in the Scheme or legislation to exclude organically grown chicken from being regulated by the Chicken Board. Certified organic chicken is chicken and is under the jurisdiction of the BCCMB. The ruling is being appealed at the Court of Appeal in the New Year.

The Board was successful at the Supreme Court of BC with a ruling of Justice Tysoe identifying that the Board has the power under the Scheme to direct product to processors. The ruling is being appealed at the Court of Appeal in the New Year.

On March 12, 2003 the Order-in-council appointments of the Board members expired. To ensure continuity in the management of the regulated chicken industry BCFIRB exercised its authority appointing Mr. Wayne Wickens as Chair and sole voting member of the Chicken Board. Until the Lieutenant Governor in Council appointments were made. On April 10, 2003 by Order-in-Council of the Lieutenant Governor in Council 5 members were appointed to the Board.

The Board members, Michel Maurier, Geoff Thorpe, Keith Fuller, Allan Fauchon and Bill Vanderspek signed Memorandums of Understanding with FIRB and the Minister of Agriculture regarding their respective roles and responsibilities in carrying out the purposes of the Natural Products Marketing (BC) Act.

The Board continued the process of the Regulation Review undertaken by the previous board. Further submissions from industry were requested and meetings convened to discuss proposed changes to the Regulations.

FIRB initiated a review of the specialty sector, focusing on organic production in all commodities. FIRB requested each commodity to report by the end of the year on its program to support niche markets.

A decision was rendered on an appeal involving Over Marketing levies. FIRB ruled in favour of the Chicken Board, that the Board is correct in concluding that such penalties are the cost of the overall privilege of doing business as a quota holder. The supply-managed system, including the FPA confers enormous benefits on a grower by way of quota and by way of stability of price and production. As quid pro quo, growers rightly accept the cost of production over their allotment tolerances. The panel did not accept a "due diligence" defence to over production by a grower.

On December 12, 2003 the BCCMB was granted the authority to sign the Western Allocation Settlement Agreement (WASA). The WASA is the methodology by which the Western Provinces agree to resolve the issue of setting chicken production volumes in the Western Region, and is required by the Operating Agreement, Schedule B of the Federal Provincial Agreement for Chicken.

On January 13, 2004 (start for A-50) secondary quota was rolled into primary quota. The Board amended the Regulations respecting barn density to conform to the Recommended Code Practice, which is 2.88 kilograms per square foot, or 31 kilograms per square metre, making BC consistent with national policy.

The Board ordered the OFFSAP be made mandatory for all chicken growers in the province of BC effective December 31, 2003. All growers must be certified under the program by December 31, 2004.

Avian Influenza struck the BC Chicken Industry on a broiler breeder farm in the Fraser Valley in February 2004. On March 10, 2004 CFIA reported the present of highly pathogenic avian influenza (HPAI) due to H7N3 virus subtype in the Fraser Valley area of southern BC on the same farm where a non-pathogenic AI had been reported. Immediately thereafter a Control Area was implemented for the Fraser Valley that restricted the movement of any captive birds, including day-old chicks and hatching eggs, any products or by-products and anything (i.e. equipment) that has been exposed to poultry. At the same time CFIA imposed three disease control zones within the control area, with different risk levels within each of these zones, the movement restrictions being adjusted accordingly.

A stamping out policy was adopted and in April an order was given by the Federal Minister of Agriculture to depopulate the entire control zone of poultry (approximately 16 million non-infected commercial poultry birds). A total of 42 commercial farms and 11 backyard flocks were diagnosed as infected for a total of 1,204,564 birds. Uninfected birds were able to normally enter the Canadian food chain.

By the end of May no more flocks had been found positive. The response effort entered the recovery phase, shifting from depopulation to decontamination, cleaning and disinfecting which was completed by June. Active surveillance continued. Twenty one days after the last infected premises had been cleaned and disinfected farms were able to restocking their premises. Effective July 9, 2004 the identified zone was declared no longer infected.

Affected growers received compensation for quota periods A-58 and A-60 (there was no production in the Fraser Valley in A-59). The Board compensated affected farms in the amount of 28 cents/kg in A-58 and 22.8 cents/kg in A-60. The Federal government made CAIS (Canadian Agricultural Income Stabilization Program) available to all affected growers and extended the deadline to apply.

To cover the shortfall in Canadian production in the affected periods when BC was out of production, chicken farmers from across Canada under the CFC banner participated in a lease program called “Chickens West”. This provided fresh eviscerated product to BC Processing plants while collecting a lease fee to be given to the BCCMB. \$900,000.00 was collected which the Board used to offset costs associated with AI, including support payments to BC chicken growers.

Further product was made available to BC Processing establishments under a Fast Track Supplemental Program from Department of Foreign Affairs and International Trade (DFAIT).

The Board implemented Assurance of Supply to Processors in 2004, and a New Entrant Program, both of which were appealed. A decision is expected in 2005 from FIRB.

On March 4, 2004 Mr. Jim Beattie left his position as General Manager. Mr. Bill Vanderspek (a Board member) was made acting GM on March 10, 2004, retaining both positions.

In March the government by order-in-council again changed the Board membership Makeup contained in the BC Chicken Scheme. The changes provided for an appointed Chair, 2 appointed members and allowed for election of 2 grower members from the registry of registered growers. Due to AI the election for 2 registered growers to sit on the Board was postponed until October 13, 2004 when the Board returned to a 5 member board. Dave Martens, and Ted DeVries were elected for a 3 and 2 year term respectively.

The Serecon linkage between the BCCMB and BCBHEC was finalized in January 2005 and implemented in quota period A-63 (January 9, 2005). FIRB ruled in favour of the BCCMB respecting Assurance of Supply and New Entrant Program for Processors appeal. Mr. Bill Vanderspek accepted the position of General Manager effective March 10, 2005, and at that time gave up his position as Board member.

The Board after consultation from the Growth Committee and receipt of 3 minority reports concluded that none of the positions adequately addressed the intention of Order #320 (transitional quota rollover), that being achieving pro-rata growth for all growers. The decision of the Board was to implement changes as to allow all quota holders to share equally and fairly, future growth in the industry, from period A-69 onwards. As such the Board ordered effective June 15, 2004 the issuance of 9,644 kg primary to the “faint hope quota holders” and rolled all existing transitional quota into primary quota. Growers in business at the time with neither transitional or faint hope quota were issued transitional quota equivalent to their primary quota holdings to a maximum of 9,644 kgs which was subsequently converted to primary quota. Effective A-69 all future allocations were done on a primary quota pro-rata basis. The decision of the Board was appealed with a decision forthcoming in the new year.

On September 22, 2005 FIRB approved the Rules and Procedures for Election of Board members to the BCCMB. Under the new rules, all growers were required to complete a Voting Grower Registration Form to be eligible to vote.

Avian Influenza again struck the BC Poultry Industry on a duck farm on November 19, 2005. CFIA reported the presence of non-pathogenic avian influenza (NPAl) due to H5N1 virus subtype in the Fraser Valley area of Southern BC. The industry acted quickly, implementing the lessons learned from 2004 and a control zone was implemented. No further infected flocks were found beyond the two duck farms and at the end of the 21 day quarantine, the restricted zone was lifted by CFIA.

PPAC arrived at a multi period pricing agreement to span A-66 to A-71 inclusive. Upon receipt of advice from PPAC the Board amended the pricing sizing grid by expanding the number of categories for payment for live chicken. The change was effective at the start of quota period A-66.

On January 23, 2006 FIRB approved the BCCMB General Orders including changes to the permit program and specialty regulations. Permits issued under the former Part 50 New Entrant Program for Growers were cancelled and eligible for conversion to quota based on the growers past production and existing business plan. A new permit program was created for small lot growers for a maximum of 3000 kg live weight /annum. The permit is non-transferable and may not be combined with class of quota.

All Quotas issued to growers after September 1, 2005 will be subject to a declining quota transfer assessment schedule. A new committee was created the SMAC or Specialty Markets Advisory Committee to provide advice to the Board on pricing and production matters relating to the specialty industry.

FIRB upheld the Board's decision on industry growth, and the issuance of 9,644 kg live weight of primary quota to "faint hope" growers, all "primary quota only" quota grower and conversion of transitional quota to primary quota effective A-69. As of A-69 all future allocations will be done on a primary quota pro-rata basis. Growers receiving the additional quota have until February 6, 2006 to provide space or forfeit the quota.

The Board held its annual planning session. Arising from this meeting the Board decided to amend the contingency fund regulations to contain two million dollars; and the Board decided Over Marketing levies will be not returned to individual growers who paid them, but will go into general revenue and be dispersed to all growers in the event of a surplus at year end.

In 2007 Board members and staff were able to attend most BCCGA meetings in all three regions of the province during the year to provide updates on Board activities and programs and to be available to answer questions from the grower community. Board

Inspection staff attended all three regional growers meetings during the month of November to provide growers with Power Point presentations and updates on bio-security, OFFSAP, and the Premise ID and mapping projects.

During 2007 random draws for the New Entrant Program were held in all three regions of the province. During 2007 11 new entrant growers began operation: 7 in the Lower Mainland (specialty and organic growers), 2 on Vancouver Island (mainstream growers) and 2 in the Interior region of the province (mainstream growers)

The PPAC successfully negotiated a seven-period pricing multi-period pricing agreement on October 2, 2007. The agreement followed up 2 periods of pricing arbitration: the first judged in favour of the processors, the second in favour of the growers. The agreement contained a clause allowing either side to terminate the agreement after 3 periods if no headway is made in the outstanding issues of: catching cost differential categories, COP pricing linkage, feed formulations, and domestic live pricing/sizing categories.

A number of programs were implemented by the Board to address bio-security concerns. All supply managed poultry farms have been identified, mapped and given a unique premise ID number. A joint emergency response committee has been established to be deployed on short notice in the event of a disease outbreak or disaster. The four feather boards accepted on the recommendation of BC Poultry Association (BCPA) and made mandatory the BC Bio-security Program in 2007.

A surplus distribution was declared for 2007, over \$1.03 million dollars was returned to the growers in the following year.

The BC Chicken Growers' Association celebrated its 50th anniversary (1957 – 2007).

The PPAC dealt with increasingly contentious pricing negotiations in 2008. The termination clause was activated by the growers in the multi-period pricing agreement. Several arbitrations followed resulting in the Board implementing a cooling off period and suspension of arbitration commencing with A-86 and A-87. Meanwhile the firm of Ference Weicker was engaged to prepare a report designed to present possible options to develop a new pricing model for live chicken in BC. Appeals were launched for every pricing period that the Board set after the suspension of the arbitration process up to A-100 inclusive. The draft Ference Weicker report was available November 25, 2008 and stakeholder consultation was to commence in the new year.

A new auditor was appointed for the Board. The firm of Meyers Norris and Penny replaced BDO Dunwoody after 18 years of service.

The BCCMB election rules were amended in 2008 (in time for the 2009 election season). Term limits were eliminated and the required number of growers signing the

nomination form was lowered from 15 to 5. A new "Voting List" will be compiled each year as part of the annual licence application renewal.

In 2007, the CFC On Farm Safety Assurance Program (OFFSAP) certification was achieved for all specialty growers and processors. Yearly re-certification will follow OFFSAP certification timelines. Work continued on developing a live price for specialty chicken. Specialty growers have been voluntarily cutback to 90% of their yearly allotment due to oversupply in the Taiwanese chicken market.

The Board decided in 2009 to depart from the arbitration process described in the General Orders, citing the move to be in the best interests of the BC chicken industry. The premise was based on the goal of arriving at a new pricing model for live chicken in BC using the Ference Weicker Report as a base for industry discussion. Each price set by the Board was appealed with FIRB. The appeals were adjourned until the outcome of the BCFIRB Supervisory Review hearing. The hearing was scheduled as a result requests made by processors as they were not happy with the direction of the pricing model and draft Ference Weicker report.

The report entitled "Report to the BC Farm Industry Review Board from the BCCMB – Model for Live Price for BC Grower Chicken and Related Recommendations was sent to FIRB for approval on September 3, 2009. The recommendations were: (1) model to set the live price for BC Chicken (2) elimination of Assurance of Supply for all processors above 2% of BC's allocation (3) modification of the MD program arising from technical issues due to (2) (4) removal of current FOB definition and to create new definition respecting change of ownership for the regulated product to occur the moment when any agent of the processor takes physical possession of the regulated product.

The Supervisory hearing was scheduled for December 14-18, 2009 and continued January 11-14 2010 with final submissions occurring on January 21, 2010. The decision was to be forthcoming in the first quarter of 2010 at which time the Board would amend its General Orders accordingly.

BC requested additional allocation to account for the increased visitors to BC during the 2010 Olympic period. A consultant with Meyers Norris and Penny was engaged by the Board to assess the increased demand and to prepare a document for presentation to CFC. BC's request was approved for an additional 563,023 kg live weight which was produced over 2 periods A-95 and A-96.

The SMAC developed a live price for specialty chicken effective for quota period A-95. The SMAC agreed to a full update of the Specialty COP mid A-96 working towards establishing a new price for A-97. Work continued on the development of contracts for all specialty growers. The first contracts were for implementation in A-95 and the specialty sector moved closer to conforming with all BCCMB General Orders.

BC again experienced an outbreak of Avian Influenza in January 2009. Only two premises tested positive (a turkey farm and a specialty chicken breeder farm). The number of quarantined premises reached 9 in total. CFIA removed the restrictions on 22 farms after completing a 21 day surveillance and testing period that followed CFIA approval of primary compositing on the second infected premise.

Other disease problems plagued BC in 2009. May of 2009 began with an outbreak of ILT in the Fraser Valley. At October 2009 there had been 56 diagnosed cases of ILT (of that number 39 were broiler flocks). In May 2009 the Board initiated the process of facilitation and active participation in a number of initiatives that had been designed and were intended to impede and eventually arrest the spread of the ILT virus in the Fraser Valley. In November 2009 in consultation with poultry veterinarians, it had been determined that the outbreak had been brought under control.

The Board brought its new website on line in June of 2009. The site has been made more user-friendly and is directed to the general public.

Updated strategic plans for all Boards and Commissions were requested by FIRB dating back to early in 2008, and the Board initiated its process in the autumn of 2008. The document was refined and completed late in the early summer/fall of 2009. The Board delayed the release of the document until after the completion of the BCFIRB Supervisory hearing due to the sensitivity of the hearing process and the Board's unwillingness to appear to attempt to influence the process in any way. The release of the draft occurred in February 2010 and the final copy released in March 2010. The plan served to document the Board's vision and guide its management of the BC Chicken Industry.

In 2010 the Board signed a contract with Serecon Consulting to perform a full update on the broiler COP model that is used to calculate the linkage between the live price of BC grown chicken and the hatching egg price each period. It is the expectation of the Board to implement the results of the updated in early 2011.

June 2010 brought about the long awaited Supervisory Decision of BCFIRB. A new pricing model was to be implemented using a weighted average of Ontario and Prairie Production plus a fixed differential and is effective in A-101. Assurance of Supply (AoS) was repealed for processors processing above 2% of the domestic allocation effective in A-103. AoS was preserved for all processors processing below 2% of the domestic allocation, and the Board could direct product to such processors to maintain sufficient processing levels. The Market Development program has been amended to reflect the changes with the repealing of AoS. The new MD program will now be processor specific effective A-103. Processors will set the price and collect the lease fees from participating growers. Processors will be able to use the MD program in a manner that best suits their business models to optimize their financial returns within the current regulatory framework. The issue of catching costs were referred back to the PPAC for

consideration. A deadline of December 31, 2010 was set by FIRB for the PPAC to deliver its advice to the BCCMB for the approval of the Chicken Board.

The Pricing appeals arising prior to the Supervisory Review Decision were settled via mediation between the BCCGA and the PPPABC. The PPAC negotiated a higher fixed differential for period A-101 to A-119. The differential will return to the level set by the FIRB Supervisory Decision in A-120 if the PPAC does not successfully negotiate an agreement. The average price for mainstream chicken in 2010 was \$1.4547 per kilogram live weight.

With the completion of the COP for Specialty Chicken, the Specialty Markets Advisory Committee (SMAC) has completed the standardization of TC (Taiwanese) pricing categories and organic prices.

The Board on June 16, 2010 offered an incentive quota (in an amount of 3,473 kg live weight per 8-week cycle) to 17 existing New Entrant Growers in the Interior and Vancouver Island regions of the Province. The Board exercised its discretion within its mandate to ensure continued and consistent supply of the regulated product to regional processors. The incentive quota was tied to the region and the regional processing plant in perpetuity. It may be transferred within the region, but it remains tied to the region as long as there is a processing plant in operation in that region. Further, growers receiving this additional incentive quota under this proposal were required to contract and ship all of his/her production from new and existing issuances of incentive quota to a specific plant (as directed or chosen by the Board) in his/her region as long as a processing plant remains in operation in the region. Grower cannot change processors unless by mutual agreement between grower, current processor and new processor or by exceptional circumstances as permitted by the Board.

A grower appealed the transfer restrictions imposed on the new entrant growers accepting the additional incentive quota. The Board's order was upheld by FIRB, with the panel finding that the Board had the legal authority to amend the program and the decision was consistent with sound marketing policy. The panel found that the Board's quota incentive offer was an exercise in its discretion to create a regulatory means of supporting sound marketing policy for the good of the entire industry. The panel found that the quota was offered as part of the NEG program in order to address specific regional requirements, making it different from an industry-wide allocation of quota which is commonly distributed to all growers on a pro-rata basis.

In 2010, the Board approved Schedule 21 of the General Orders, which outlined the consequences for failure to achieve certification under the BC Bio-security Standards. The consequences were drafted in concert with other feather boards and vetted by BCFIRB prior to implementation.

The Animal Care Program was developed by Chicken Farmers of Canada to complement the Safe, Safer, Safest Program (OFFSAP) and to demonstrate the high level of care given to Canadian chickens by Canadian chicken farmers. Although the program was not mandatory in 2010, a number of farms took the opportunity to become certified under the program during their annual 2010 audit. As of December 31, 2010, there were 152 of 331 farms (45.9%) fully certified under the CFC Animal Care Program.

And finally in 2011 BC's annual volume was approximately 150 million kilograms, growth of one thousand percent (1000%) since 1967.

The Board reached its milestone 50th year in existence, having been the first supply managed feather board created in Canada. As you can see from this document, for many issues the more things change, the more they stay the same. It is a testament to the leadership and dedication of board members, growers and processors over the past 50 years that has allowed our industry to flourish and prosper and become what it has. This has allowed the BC Chicken Marketing Board in many ways to be a pioneer and leader in this country.