

Schedule 15
(Part 55)
(Section 55.4)

Board Decision or Determination

Form B

attach applicable Forms A, if available

ABF Birds – change U/O tolerance to 10%

September 16, 2015

1. Date(s) of this decision: September 16, 2015

2. Members of Board present for decision:

R. Smith, DA Janzen, Greg Gauthier, A. Johnston, M. Driediger.

3. What sources of information did the Board consider in coming to its decision?

Form A - Application for Decision or Determination

Board Staff's Briefing Note

Applicant's oral submissions

Board's Orders (give reference numbers, if applicable):

- Part 26 & 27 of the BCCMB August 26, 2011 General Orders.

Other (explain):

- July 3, 2015 letter from FVCS re: ABF Under production and production sleeves
- Letter of response from BCCMB dated July 15, 2015

- Verbal request from E. Silveri of Western Hatchery - see June 9, 2015 BCCMB Minutes.
- Oct 10, 2014 notes of conference call with A&W re new ad campaign
- PPAC Minutes:
 - April 1, 2015
 - June 11, 2015
- BCCMB Minutes:
 - October 24, 2014
 - November 13, 2014
 - December 18, 2014
 - June 9, 2015
 - July 24, 2015
 - August 10-11, 2015
 - September 16, 2015 (draft)
- BCCMB Monthly Board reports
 - December 2014
 - September 2015 (draft)
- Aug 11, 2015 Agenda – meeting with PPPABC (during Board Day)
- Notes for meeting with PPPABC May 15, 2014
- Schedule 15 dated October 24, 2015 re: U/O tolerance sleeves
- Letter to PPPABC dated September 22, 2015 re: meeting August 11, 2015.

4. What is the Board’s decision?

The Board made a motion to amend the tolerance sleeves for Antibiotic Free (ABF) Chicken (regular broilers raised without the use of antibiotics, not including certified organic chicken) for a trial period of 6 periods commencing in A-133 and ending at the

end of shipments for quota period A-138. The tolerance sleeves for both under and over production will move from 6% to 10% for the trial period.

5. Why did the Board come to this decision?

The Board first looked at amending the tolerances October of 2014 arising from higher than normal under production affecting the entire chicken industry, which was due to a variety of reasons. The Board sought and received advice from the BCCGA and PPPABC. It was expected that the underproduction arising in quota periods A-125 and A-126 would stabilize and return to normal in subsequent periods. At that time the Board decided to maintain the current over and under marketing sleeves as specified in Parts 26 and 27 of the August 26, 2011 General Orders.

Since that time the Board has received communications from growers, hatcheries and processors identifying inconsistent results with ABF flocks. Processors and hatcheries have made representations to the Board to increase the tolerance sleeves for both over and under production for their ABF programs, on a going forward basis. The Board undertook fulsome discussions with the PPPABC as a whole to discuss the question of production sleeves related to ABF production.

Following that meeting, the Board was in a better position to determine what steps would be required going forward. The Board recognized not only the value of the ABF program to the industry and consumers, but in the challenges that are presented to growers, hatcheries and processors in bringing this product to market.

Hatcheries will clearly identify, on their weekly chick placement report, which grower is growing ABF chicken, and the amount of ABF birds placed. Processors will clearly identify on weekly slaughter reports which shipments are ABF flocks. Failure to provide the information in advance, will result in the regular 6% tolerances being applied.

RATIONALE FOR DECISION BASED ON OUTCOME BASED PRINCIPLES

Strategic

- The BCCMB has the authority and jurisdiction to make this decision under the Natural Products Marketing (BC) Act and the British Columbia Chicken Marketing Board Scheme (1961).
- The Board has the authority to exercise its discretion and make exceptions to the General Orders.
- The decision meets the objectives of the Regulated Marketing Economic Policy of the *Ministry of Agriculture, Food and Fisheries (July 26, 2004)* and the BCCMB's Strategic Plan, both of which support niche production in the market place. ABF birds comprise a small percentage of the total periodic production in British Columbia.
- The decision is consistent with sound marketing policy, supporting production of product that the consumer wants and in assisting processors in remaining competitive in markets across Canada to meet this demand.

Accountable

- The Board is accountable to industry members, processors and growers in its value chain including the public. Consumers are demanding this type of product.
- Any person aggrieved by a decision of the Board may appeal that decision to BCFIRB.

Fair

- The decision is for an interim period, to alleviate some of the costs in dealing with the significant challenges in development with this new program. After 6 cycles, the tolerances will return to the normal levels of 6%.
- The Board will closely monitor the program over the next 6 periods.
- The expansion of the tolerances does not circumvent barn space regulations.

Effective

- The decision promotes the objectives of the Board for the BC chicken industry and is consistent with sound marketing policy.
- The decision gives processors another tool to attract growers to grow this distinct type of product, better supplying consumer demand and filling the shortage in the marketplace for this new emerging segment of the market.

- The over and under marketing sleeves assist the BCCMB in meeting its national allocation commitments to CFC, assisting a small segment of the BC industry for a short term, should not greatly impact BC in any negative way, or attract national over marketing levies.

Transparent

- The initiative to amend the tolerance discussed at the PPAC level during the under production fluctuations in A-125 and A-126, but was attributed to various factors, rather than one specific issue (ie ABF birds). It appeared to affect the entire industry.
- The Board consulted extensively with hatcheries and processors prior to coming to this decision. While the Board did not consult with industry as a whole, the Board did advise the BCCGA of its decision (shortly after the fact) verbally at the Lower Mainland Chicken growers meeting.
- The decision impacts only a handful of growers for a short period of time, but the decision will be communicated to all growers and industry in the BCCMB monthly Board report. The grower community was advised at the September 2015 LM Growers meeting.

Inclusive

- The Board is responsible to ensure the General Orders do not cause impediments to orderly marketing, or impede growth opportunities to processors. This temporary exemption allows the continued orderly marketing of ABF product, while not affecting other segments of the market. It merely allows the industry to meet consumer demand for ABF product.

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