

## MISC - Decision Note

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June 13, 2017

### *Decisions Required:*

Board and commission agree to:

- Establish a mandatory Infected Premise Cleaning and Disinfection (C&D) Cost Recovery Fund to cover the extraordinary C&D of infected premises for future Notifiable Avian Influenza (NAI) disease discoveries.

### *Background:*

- The passing of the amendments to the *Natural Products Marketing (BC) Act* (the “NPMA”) in May 2015 made explicit the authority of boards and commissions to require producers to maintain insurance against losses resulting from the interruption or termination of production for any reason or for a notifiable or reportable disease.
- The regulated poultry boards and commission have given due consideration to the enabling authority and collectively agreed in January 2016 to initiate the Mandatory Notifiable Avian Influenza Insurance Review (the “Review”).
- The purpose of the Review is to conduct the requisite due diligence in accordance with the SAFETI<sup>1</sup> principles for each board and commission to make a decision on whether or not to implement mandatory insurance requirements to address the financial consequences of NAI discoveries in British Columbia.
- A steering committee with representation of the regulated poultry boards and commission, along with the BC Poultry Association was established to oversee the work and to make recommendations to the boards and commission.
- The boards and commission were required to determine whether or not requiring licenced producers to maintain insurance against losses resulting from NAI was in accord with sound marketing policy.
  - The Phase 1 and 2 Reports conducted under the Review, concluded that
    - Past experience with NAI discoveries required a financial intervention to address the extraordinary costs of C&D of infected premises in order to enable the boards and commission to return the BC poultry industry to a system of orderly marketing; and
    - A gap was created by the federal and provincial government policy position to not support future use of AgriRecovery to address the extraordinary costs of infected premise C&D.
- The boards and commission have affirmed the Review findings that:
  - It is in the interests of sound marketing policy for the regulated poultry boards to intervene and commit financial resources to off-set the costs of the extraordinary costs of infected premises cleaning and disinfection (C&D).
  - All licenced poultry producers realize the benefits of the boards and commission assuming the extraordinary costs of infected premises C&D and support covering the costs through seeding and maintaining a collective fund.
  - The need to continue to explore mechanisms for transfer of the financial risk in order to minimize the costs to the regulated poultry industry in BC.

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<sup>1</sup> SAFETI stands for the British Columbia Farm Industry Review Board governance principles; Strategic, Accountable, Fair, Equitable, Transparent and Inclusive.

## Discussion

- The use of authorities under the *NPMA* to require licenced producers to maintain insurance against losses resulting from NAI is in keeping with sound marketing policy as it provides the mechanism by which the boards and commission can facilitate a prompt recovery by addressing the extraordinary costs of infected premises C&D.
- Invoking the requirement will ensure that the financial resources are committed for undertaking and completing the requisite C&D of infected premises in a timely manner and that the cost burden is shared by the industry as a whole and not left entirely to the individual.
- The approach will serve to minimize the disruption and overall costs and losses incurred by the entire poultry value chain.
- The use of levies without invoking the insurance provision could lead to challenge.
- Options are under development for how to effect and implement the compulsory insurance requirement.
  - The options will be finalized over the next 60 days and considered by the MISC.
  - Recommendations of the MISC on how to manage the financial risk will be presented to the boards and commission for consideration at the same time as the decision to confirm commitment to establish the Infected Premises C&D Cost Recovery Fund.
- The MISC created a shared website to post all Review materials that went live in May, 2017.
  - The website provides a direct link for individuals to provide comment; to date no comments or feedback has been received.

## Recommendation

The Steering Committee has concluded that the boards and commission should recommend to BC FIRB their desire to use their powers to establish a mandatory Infected Premises C&D Cost Recovery Fund and the following actions:

1. Notify industry associations and stakeholders of the proposed decision.
2. Post the proposed decision for industry and stakeholder review and comment for a period of 30 days.
3. Forward a copy of the draft decision to BC FIRB for review and comment.
4. Direct any and all comment received to the Steering Committee for review and comment prior to making the final recommendation to the boards and commission
5. Final decision by all boards regarding the establishment of a mandatory Infected Premises C&D Cost Recovery Fund, by September 30, 2017.