

Schedule 15
(Part 55)
(Section 55.4)

Board Decision or Determination

Form B

attach applicable Forms A, if available

BCCMB request to FIRB for leave to sign the amended CFC Operating Agreement

January 6, 2016

1. Date(s) of this decision: January 6, 2016

2. Members of Board present for decision:

R. Smith, Greg Gauthier, A. Johnston, Derek Janzen, and 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):

X Other (explain): verbal reports from staff and feedback received from stakeholders. Exhaustive consultations with BC processors, growers, and BCFIRB.

4. What is the Board's decision?

On January 6, 2016, the Board made a motion to request permission from FIRB to sign the CFC Operating Agreement provided that BC's small lot exemption issue under Annex I of the Operating Agreement are successfully concluded with CFC.

5. Why did the Board come to this decision?

The issue that the BCCMB had with the further processing component of the new allocation agreement has been resolved to the satisfaction of the Board. The one remaining issue is BC's need to have our 2000 bird permit program enshrined in Annex I of the Operating Agreement. If this can be accomplished, the view of the BCCMB is that BCFIRB approval remains as the only obstacle to the BCCMB becoming a signatory to the new CFC Operating Agreement.

The BCCMB is of the view that it had participated in negotiations in good faith that resulted in the best outcome that could be attained for the BC chicken industry in light of the competing demands of other stakeholders and the overriding interests of all stakeholders in coming to an agreement that would result in Alberta rejoining the FPA. It is time to move the process forward in the best interests of the Canadian Chicken Industry while maintaining the integrity of our supply management system. Our board remains confident that the long term prospects for growth of the BC chicken industry remain strong and that the comparative advantage components contained in the allocation formula bode well for our Province.

It is hoped that this request will either move forward the outstanding Processor appeal of the MOU or move the matter to BCFIRB for Supervisory Review.

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).
- A revised CFC Operating Agreement will allow the province of Alberta to rejoin the Agency. It is in the best interests of the entire Canadian chicken industry to have all provinces as full members and signatories to the CFC operating agreement and the FPA.
- The new allocation agreement contains provision for comparative advantage which will make it compatible and consistent with the requirements of the Natural Products Marketing Act and Farm Products Canada.
- This process has been ongoing for at least seven years and has consumed inordinate amounts of human and financial capital. Signing of the new Operating Agreement will allow CFC to concentrate their efforts on other issues of critical importance to the Canadian chicken value chain.

Accountable

- The Board is accountable to industry members, processors and growers in its value chain which includes the consumers of our products.

- The Board has considered the interests of these stakeholders in the positions it has taken during the negotiations and is of the view that concluding the agreement is in the interest of the BC chicken industry as a whole.
- Any person aggrieved by a decision of the Board may appeal that decision to BCFIRB.

Fair

- Supply management is supported by both Federal and Provincial legislation. Its orderly marketing system is built on three pillars: a production planning pillar; an import control pillar and a producer pricing pillar.
- It is sound marketing policy and in the interests of orderly marketing to have a long term, predictable and accountable allocation system that will give industry stakeholders the information required to make sound business decisions.
- The proposed agreement does not result in BC producing less chicken, but reallocates a small percentage of future growth for a defined ten year period after which its ongoing effectiveness will be evaluated.

Effective

- The decision promotes the objectives of the Board for the BC chicken industry as the interests of BC are effectively reflected in the agreement (as proposed to be amended) and is consistent with sound marketing policy as it will allow Alberta to reenter the Federal Provincial Agreement for chicken.

- The allocation agreement will provide the industry with stability for the next ten years after which its ongoing effectiveness will be evaluated.

Transparent

- The Board has communicated its progress to industry stakeholders throughout the process via: (1) meetings with individual processors (2) monthly board reports to industry (3) meeting with BCCGA and PPPABC respectively (4) PPAC and SMAC meetings (5) BCCGA Director meetings (6) Regional Grower meetings (Lower Mainland, Island and Interior Regions) and has taken into account feedback received from stakeholders during the course of negotiations.
- The decision to request permission from BCFIRB to sign the agreement if the required amendment to Annex I of the Operating Agreement is made will be communicated to all growers and industry in the BCCMB monthly Board report and at all regional BCCGA meetings.

Inclusive

- The allocation methodology resulting from the new operating agreement will affect all BC chicken growers and processors equally. There is no advantage to be gained by any individual or sector of the industry over another.
- All industry stakeholders including the BCCGA, PPAC, BCCGA, BCFIRB and the PPPABC were consulted and kept apprised during the process of negotiating the new allocation agreement and their feedback was taken into account by the Board.

