



October 14, 2015

File: 0146-0151

DELIVERED BY EMAIL

Robin Smith
Chair
BC Chicken Marketing Board
101 – 32450 Simon Ave
Abbotsford BC V2T 4J2

Scott Cummings
President
Primary Poultry Processors Association
of British Columbia
c/o 15879 Collingwood Cr
Surrey BC V3Z 0J3

Dear Sirs:

**PROPOSED AMENDMENTS TO SCHEDULE “B” OPERATING AGREEMENT –
CURRENT STATUS AND SUPERVISORY REVIEW UPDATE**

I write in follow-up to the September 15, 2015 letter of the BC Farm Industry Review Board (BCFIRB) and our subsequent discussions with the BC Chicken Marketing Board (BCCMB) and the Primary Poultry Processors Association of BC (PPPA).

BCFIRB has yet to be convinced that the proposed amendments to the Operating Agreement (OA) are in compliance with the *Farm Products Agencies Act* (Canada), the Federal-Provincial Agreement for Chicken and represent "sound marketing policy" under the *Natural Products Marketing (BC) Act (NPMA)*.

BCFIRB has not yet been dissuaded that a properly constituted differentiated regional allocation mechanism would recognize the changing processing and marketing sectors in Canada and provide for a more flexible, market responsive system.

Finally, BCFIRB has yet to hear arguments that would provide sufficient confidence that systemic governance and decision-making issues that led to the current overall situation will be rectified. The next 10 years – the potential term of the agreement underlying the proposed changes to the OA – will bring many new challenges and opportunities (i.e., the Trans Pacific Partnership) for producers, processors, provinces and other stakeholders.

In the present circumstances, and to address the above questions within the context required to demonstrate due diligence as a signatory and supervisory agency, BCFIRB intends to establish a formal, transparent supervisory process under s. 7.1 of the *NPMA* to hear arguments and evidence,

including current and forecasted market information, from affected BC and other stakeholders. Details on that process will be forthcoming.

In the interim, BCFIRB continues to be mindful of issues arising with respect to recent allocation decisions of Chicken Farmers of Canada (CFC) using the "formula" established in the memorandum of understanding agreed to by provincial chicken boards. Questions are still outstanding with respect to the formula (e.g., further processing) and, more critically, in regards to allocation decisions made based on a process not codified in an Operating Agreement approved by all 21 signatories. Neither BCFIRB nor the BCCMB – which requires BCFIRB approval to do so – have offered such approval. Previous correspondence from BCFIRB dating back to April 11, 2013 has clearly communicated our position with respect to a number of the issues arising, including that "a comparative advantage approach to distribution of growth is not dependent on managing provincial requests for increased production" and the "two should be addressed separately".

Accordingly, be advised that BCFIRB is prepared, commencing with Period A-135, to issue interim direction to the BCCMB with respect to future allocation decisions. That direction will be confirmed this week after further consultation with the BCCMB and the PPPA during the October 14-15, 2015 CFC meetings.

Yours truly,



John Les
Chair

cc: BC Minister of Agriculture
Chair, BC Broiler Hatching Egg Commission
Chair, Farm Products Council of Canada
Chair, Chicken Farmers of Canada

National Association of Agri-Food
Supervisory Agencies
BCFIRB web site