

BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

Supervisory Review re 2016 Amendments to Schedule "B" Operating Agreement for Chicken

AFFIDAVIT OF KEN HUTTEMA

I, KEN HUTTEMA, of 31171 Peardonville Road, Abbotsford, British Columbia, businessperson,
SWEAR THAT:

1. I am a director of K&R Poultry Ltd.. Farm Fed is an operating division of K&R Poultry over which I have direct control and as such I have personal knowledge of the facts deposed to herein, except where stated to be based upon information and where so stated I verily believe those facts to be true.
2. Farm Fed is a processor of broiler chickens in British Columbia, and has been a member of the Primary Poultry Processors Association throughout the period of time relevant to the issues in this review.
3. Since 2004 B.C. processors have consistently raised concerns about a national supply imbalance disadvantaging British Columbia. The concerns of the B.C. processors have not been addressed.
4. I have been a member of the Pricing and Production Advisory Committee ("PPAC") for many years, and attended most of the meetings between 2012 and 2015.
5. At times the representatives of the BCCMB did update PPAC members about discussions at the national level regarding proposed amendments to the Operating Agreement. However, these were very general updates only and at no time were we led to believe that the BCCMB was seeking our input or opinion. The processors expressed their concerns regarding allocations in several meetings, but those concerns were not addressed in the MOU.
6. On May 15, 2014 the processors met with the BCCMB and raised several concerns, as outlined in the April 4, 2016 submissions of the PPABC (at paras. 35-36). Those concerns, however, have not been addressed in the proposal currently before FIRB.
7. I am not satisfied that the BCCMB engaged in adequate consultation with the B.C. processors before signing the MOU and endorsing the current proposed amendments to the Operating Agreement. The MOU and proposed amendments to the Operating Agreement do not address the fundamental concerns of the processors, namely that the West is experiencing a significant supply imbalance which is affecting the processors' ability to maintain and grow their existing markets. The MOU and proposed changes to the Operating Agreement do nothing to ensure that the domestic allocation is being distributed across the country in a manner responsive to the actual market needs of the processors.
8. At no point did the BCCMB meet with the B.C. processors to discuss how the supply imbalance could be corrected in a new agreement. And at no point did BCCMB respond to the concerns raised by the processors.

- 9. I was not shown a copy of the draft MOU before it was signed. I am advised by representatives of the other processors in B.C. that they were not provided with a copy of the MOU before it was signed.
- 10. Farm Fed was never asked to meet individually with the BCCMB to discuss the proposed amendments to the Operating Agreement, either before or after the MOU was signed.
- 11. In the summer of 2015 the BCCMB approached the processors, including Farm Fed, to participate in a consumer engagement campaign to increase B.C. consumption of B.C. chicken. As a processor, this was a very frustrating request since we are already short of B.C. product. It does not make sense to us that the BCCMB would spend energy and resources to increase consumption when there is no way for B.C. to supply the product.
- 12. This consumer engagement campaign cannot be successful unless the underlying inadequacy of supply to B.C. processors is addressed. The B.C. processors would like to increase their markets in the West, and see opportunity to do so. However, without sufficient supply, those markets will be served by processors from Central Canada.

SWORN before me)
 at Chilliwack, British Columbia,)
 on 28/April/2016.)
 _____)
 A Commissioner for taking affidavits)
 for British Columbia)

Ken Huttema

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