



June 24, 2016

British Columbia Farm Industry Review Board
100-780 Blanshard Street
Victoria, BC V8W 2H1

Attn: John Les, Chair;
Jim Collins, Executive Director

Dear Sirs:

As requested on June 20, 2016, please find attached our final submission in the BCFIRB Chicken Operating Agreement Supervisory Review.

We appreciate FIRB's commitment to maintain the timetable and issue its decision in June 2016 despite the very late additional submissions by PPPABC.

Yours sincerely,

Mike Dungate
Executive Director



BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

Supervisory Review Re:

Chicken Operating Agreement Amendments

Response of CFC to Supplemental Submissions of PPPABC

June 24, 2016

1. PPPABC has filed supplemental submissions and evidence that claim, in essence, that unusual and unsustainable growth in recent allocations has “masked” the true impact of the MOU, and that CFC’s allocations in A-139 and A-140 reflect a return to “normal growth numbers”.
2. This claim is speculative and unsupported, and does not refute the overall reasons why the FIRB should support the Operating Agreement amendments.
3. In the context of a long term framework for national allocations, it is speculative to claim, without providing further analysis or evidence, that allocations for two, 8-week periods represent “normal growth numbers”. Neither PPPABC nor CFC can predict future market conditions with certainty. However, from A-127 up to and including A-139 and A-140, it is clear that there has been strong growth in allocations using a methodology consistent with the proposed Operating Agreement. In fact, the allocations for A-139 and A-140 continued the same trends that were present up to A-138. British Columbia’s share of the domestic allocation for period A139 was 14.23%. British Columbia’s share of the domestic allocation for period A140 was 14.22%. Both

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allocations exceeded British Columbia's 13.59% share of the national population (ten province total).

4. In addition, Western provinces continued to receive allocations that met or exceeded the request of Western processors, while the data from periods A-139 and A-140 show that British Columbia continues to receive the chicken it requires to satisfy its market. In the CPEPC recommendations for periods A-139 and A-140, Western processors recommended increases over base of 1.5% for the Western region. As noted in PPPABC's supplemental submissions, British Columbia received increases over base of 1.5% and 2.4% for these periods, respectively, while the Western region received increases of 1.9% and 2.9%.

5. Accordingly, no argument can be made to claim that Western processors are being undersupplied. This strong growth is the intended effect of the differential growth mechanism which is the cornerstone of the amended Operating Agreement.

6. It is also speculative to assume that the Operating Agreement will yield the same distribution of growth throughout the ten-year period of the MOU. Changing demographics, economic circumstances and industry performance can and will influence the outcome of the methodology in the Operating Agreement. To give one example, the GDP component of the methodology may well produce a different result in the short to medium term as a consequence of economic growth of some provinces versus others.

7. The fundamental reasons supporting the proposed Operating Agreement amendments, as explained by CFC and BCCMB, remain the same. The new Operating Agreement represents sound marketing policy and advances the interests of the chicken industry in British Columbia and across Canada. PPPABC has not proposed any credible alternative that has the support of the chicken industry and is based on comprehensive and reliable evidence. Rejecting the Operating Agreement poses serious and unjustifiable risks to the industry and the orderly marketing system.

