



August 5, 2020

BY EMAIL

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

Attention: Kirsten Pedersen

Dear Kirsten:

Re: Joint BC Chicken Marketing Board-Broiler Hatching Egg Commission Pricing Review Process Proposal

The PPPABC writes in response to the supervisory panel's July 30, 2020 request for comments on the proposed changes and timelines suggested by the Chicken Board and the Commission to the BCFIRB Chicken Sector Pricing Review process. In particular, the supervisory panel seeks comments on:

1. The role and/or timing of an independent, third party project leader and/or liaison.
2. How and when the boards may consult/engage with stakeholders.

Background

The PPPABC agrees with the supervisory panel's observation in the panel's July 13, 2020 letter:

"The Chicken Board and Commission have had several years and multiple opportunities to work collaboratively with each other and with stakeholders on pricing, with limited success. If the December 20, 2020 date is to be met, the panel believes the Review will require strong, objective cross-sectoral project leadership."

While there is a long history to pricing issues in the British Columbia chicken industry, the current pricing review began with the appeals by the PPPABC and BCCGA against the Commission's unilateral changes to the price linkage formula, which impacted the price of chicks in the live price for mainstream broiler chickens.

On January 27, 2020, the Commission asked to defer the appeals pending the "BCFIRB's supervisory consideration of a forthcoming 'evidence-based SAFETI rationale setting out why 9696-199A Street
Langley, BC,
V1M 2X7

[an exit from the linkage] would be in the best interest of the hatching egg sector and the overall chicken supply chain”. On February 25, 2020, the BCFIRB granted the deferral to a supervisory review to determine the issue of an exit from the linkage.

On the live pricing front, the current formula is the result of the Chicken Board’s June 27, 2018 decision to implement an “interim” formula for the pricing of mainstream broiler chicken. In the BCFIRB’s May 16, 2019 decision on appeal, at para. 13, the appeal panel described the Chicken Board’s position as follows: “it is important to remember that its Pricing Decision is interim in nature and only applies to periods A-151 – 156 (July 2018 to May 2019) and the work to develop a longer term pricing solution has already begun”.

The BCFIRB ordered the Chicken Board to issue a long-term pricing formula no later than period A-161. On January 21, 2020, the BCFIRB granted the request by the Chicken Board to extend the deadline for a long-term pricing formula to the start of period A-163. Upon a second deadline extension request from the Chicken Board, on April 29, 2020, the time for the adoption of a new chicken pricing formula was transferred to the BCFIRB’s supervisory authority as a related matter to the price linkage question.

It was the Commission who originally requested that the BCFIRB take supervisory jurisdiction over the linkage question, which helped put in motion the current Chicken Sector Pricing Review process. It has been over two years since the Chicken Board’s interim pricing formula was imposed, but in their July 28, 2020 letter, the Chicken Board and the Commission stated that they are “not yet ready to engage on a new live price formula”. Despite this, the two boards are now seeking to limit the involvement of an independent third party in the Chicken Sector Pricing Review.

1. The role and/or timing of an independent, third party project leader and/or liaison

The PPPABC supports the appointment of an independent Cross-Sector Project Leader at the onset of the Chicken Sector Pricing Review, subject to the comments in our July 15, 2020 letter. The Project Leader must be impartial and independent from stakeholders.

The PPPABC would support a BCFIRB liaison in principle, but the PPPABC would need more details on the liaison’s powers and responsibilities. The Board and the Commission seem to want to limit the power of this position to “facilitating the exchange of sensitive information”, which can be interpreted as an attempt to limit the power of the supervisory review.

Given the delays to date, an independent third party is required to ensure that there are clear terms of reference; the process is transparent; and the boards are focused and accountable for delivering a long-term pricing solution. An independent third party can also help ensure that the scope of the Chicken Sector Pricing Review remains focused on achievable goals. We expect that the independent third party will ensure that the supervisory panel remains informed of the boards’ progress and that stakeholders are being adequately consulted.

The independent Project Leader, liaison, supervisory panel, or some combination of them, should play an important role in facilitating reasoned discussions about what topics should be at issue and what data will be helpful in the Chicken Sector Pricing Review.

2. How and when the boards may consult/engage with stakeholders

As stated in our July 15 letter, the PPPABC is entitled to significant consultation throughout the Chicken Sector Pricing Review, given the risks they assume as the only stakeholders who sell their products on the open market.

PPPABC agrees with the comments that BCFIRB process will be more effective if the approach is collaborative and cross sectoral which provides an overall industry perspective. The PPPABC supports the BCFIRB's earlier proposal for stakeholder review, input, and agreement into the terms of reference. The proposal of the Chicken Board and Commission does not speak to how the terms of reference will be developed. In order to meaningfully participate in the Chicken Sector Pricing Review, stakeholders need to have input and agreement into clearly defined terms of reference before the process begins.

We support the concept of consultation, but frankly given some of the statements being made in the correspondence from the Chicken Board and Commission we are concerned about their openness to the subjects being discussed. For example, the process suggested by the Chicken Board and Commission does not appear to allow for consultation about the data to be used in developing their "pricing positions". It only provides for "requests for information and data from stakeholders". There needs to be meaningful consultation on what data and information is necessary, and how it will be used, to support informed discussions.

In addition to the responses to the specific questions you have asked, we offer the following additional comments with respect to the proposal being brought forward by the BCCMB and BCBHEC:

- The approach being brought forward by the Chicken Board and Commission is very different than what was outlined by the BCFIRB in its original letter of July 13, 2020. The approach articulated by the Chicken Board and Commission seems to give them more control and lacks the oversight that we would have expected in a supervisory review.
- There are indications that the Chicken Board and Commission already have certain pre-conceived outcomes in mind, given the boards' process proposal and aggressive timelines. Based on our read of the proposal, the Board and Commission have strongly held views on what is required for growers and breeders but little if any regard for the competitiveness of the Processors. An independent third party should be involved from the beginning to ensure that the supervisory review proceeds in a transparent, fair, collaborative and accountable manner.

- The concept of bringing in other Western Boards into the discussion will add significant complexity and would require separate and much more complicated discussions on decision making criteria, data requirements, etc.
- Adding other Western Provinces to the discussions will also put significant pressure on the timelines articulated in the proposal.

Conclusion

The PPPABC still looks forward to participating in the Chicken Sector Pricing Review as was originally envisioned and proposed by the BCFIRB. We hope that the supervisory panel can resolve the above concerns so that the British Columbia chicken industry can proceed with a successful supervisory review process without further delay.

Sincerely,



Blair Shier
President
Primary Poultry Processors Association of BC

c. Craig Evans – PPPABC
Morgan Camley – Dentons