



July 17, 2020

Kirsten Pedersen
Executive Director
BC Farm Industry Review Board
PO Box 9129 Stn Prov Govt
Victoria, BC V8W 9B5

Dear Ms. Pedersen:

LONG TERM CHICKEN SECTOR PRICING – REVIEW PROCESS

The following is in response to the July 13, 2020 letter of the BC Farm Industry Review Board (BCFIRB) regarding the subject.

First, both the BC Chicken Marketing Board (BCCMB) and the BC Broiler Hatching Egg Commission appreciate BCFIRB's recognition that an in-depth, cross-sectoral review of pricing in the BC chicken industry is warranted. As outlined in our joint submission of June 26, 2020, both the Commission and the BCCMB are strongly of the view that this "will provide for long-term stability and certainty" and allow the BC chicken industry to "focus on repositioning for the future." The boards look forward to working cooperatively to support BCFIRB in finalizing this important project.

As also noted in the June 26, 2020 joint submission, the BCCMB and the Commission have agreed "that the regulation of the BC chicken industry should be more closely integrated" and "discussions between the boards on the development of a new regulatory framework are ongoing."

A fundamental concern the boards have with respect to the Review Process in the July 13, 2020 letter is ensuring that the role of the boards as the first instance regulators is clearly defined and not compromised in the process. The boards do not believe BCFIRB is suggesting that they delegate their statutory authority to a 'project leader', so it would be helpful to clarify how this role could best assist in the Review Process.

BCFIRB requires that the boards provide their "final joint recommendations to the panel for review by December 20, 2020." Although the boards will make every attempt to engage stakeholders fulsomely, history and the scope of changes contemplated suggest that recommendations reflecting a solution agreed upon by all stakeholders may not be possible.



This underscores the need for the Review Process to offer clarity with respect to the decision-making responsibility and authority of the boards in the first instance. The recommendations – with or without agreement – will in fact be formal decisions by the boards supported by SAFETI principles documenting what the boards believe is the sound marketing policy framework for pricing in the BC chicken industry.

The boards also note that in some cases, work is already well advanced (e.g., hatchery margin, breeder chick and vaccine pricing). In other cases, the boards have engaged and or will be engaging their own experts and consultants (including facilitators) in support of their respective and joint regulatory decision-making.

It is critical for stakeholders at the outset of the process to understand that full participation is required in the decision-making processes of the boards. This will support the boards in making informed decisions about their recommendations to BCFIRB without having to draw adverse inference because of a lack of stakeholder participation. BCFIRB also faces the prospect of having to make more substantive first instance decisions of its own if stakeholders fail to fully engage with and inform the boards initially. More generally in terms of going forward, this reinforces the statutory reality that the boards remain, even as they work toward a “more closely integrated” regulatory framework, first instance decision makers in the BC chicken industry.

The boards are the actual leaders in their decision-making capacity but agree that there are important roles for a third-party. One would be ensuring transparent communication between the boards and stakeholders. Another would be facilitating the production of “essential and appropriate information” in support of the boards’ evidence-based decision-making while protecting business confidentiality.

The boards have started to discuss this third-party position. This would involve confirming the skill sets necessary to support the boards in the statutory context outlined above, identifying persons with those skill sets, establishing whether those persons are potentially interested and assessing stakeholder preferences. An alternative suggestion from the boards is a liaison representative from BCFIRB that can observe the process directly as it unfolds and support decision-making that allows the boards and ultimately BCFIRB to make informed, defensible decisions.

Finally, BCFIRB should be aware that during this process there is a potential for external pricing issues to arise. The Commission has previously referenced its work with Alberta and Saskatchewan regarding a common cost of production framework. Several other possibilities relate to the BCCMB. Western chicken boards are exploring pricing options that could involve a



united position on a western pricing agreement as well as a joint position on catching costs. There is a national initiative by Chicken Farmers of Canada on interim price adjustments for the increased costs associated with the national AMU/Category III implementation. Given the current direction, addressing these issues within the current pricing framework would require prior approval by BCFIRB. The boards will keep BCFIRB and stakeholders apprised of these and any other developments, as necessary.

Yours truly,

A handwritten signature in black ink, appearing to read "Harvey Sasaki".

Harvey Sasaki
Chair
BC Chicken Marketing Board

A handwritten signature in black ink, appearing to read "Jim Collins".

Jim Collins
Chair
BC Broiler Hatching Egg Commission

cc: Dale Krahn, President
Paul D. McLean, Mathews, Dinsdale & Clark LLP
BC Chicken Growers' Association

Blair Shier, President
Morgan Camley, Dentons Canada LLP
Primary Poultry Processors Association of BC

Bryan Brandsma, President
BC Hatching Egg Producers' Association

Ryan Whitmore, President
BC Egg Hatchery Association

Commission/Chicken Board Websites