



April 5, 2022

**BC Farm Industry Review Board**  
**Mr. Peter Donkers**  
**Chair**

**Re: April 12<sup>th</sup> Meeting on long-term chicken sector pricing**

Dear Mr. Donkers,

Thank you for your letter of March 21, 2022. Please see the Board response to the 8 questions provided below. We hope this provides added clarity for the Panels deliberations and our upcoming meeting on April 12, 2022.

**1. What leadership actions will the Chicken Board take to ensure that the stakeholders are meaningfully engaged? What is the Chicken Board's plan to ensure this active engagement?**

The BC Chicken Marketing Board (Board) remains steadfast that we have made every attempt to actively engage stakeholders throughout the process and will continue to do so. However, as first instance regulator the Board has the authority to request meetings with stakeholders and requisite data. As outlined in the Board's Pricing Review Decision, the Board is inviting the active participation of all industry stakeholders in the establishment of the BC Cost Recovery Model, including securing advice on the inputs, methodologies, third party review and defining benchmark performance indicators including processor competitiveness. The Board maintains this ultimate authority on the long-term pricing formula and will provide ample opportunity for stakeholder inputs on the parameters to be included in the formula. A failure of agreement between growers and processors does not preclude the Board from making decisions based on sound marketing policy.

Once the BC FIRB panel grants a path forward for the Board by directing the creation of a BC Cost Recovery model, the Board can meaningfully pursue this option. It is essential that first instance regulators are seen and supported in leading their own industries. Therefore, when the industry understands the Board has the authority and will be creating a BC Cost Recovery Model, there is incentive for all stakeholders to participate in meaningful dialogue.

**2. When will the committee be formed to carry out the other tasks and deliverables, and how will this committee work with PPAC? How will PPAC and the committee differ in their roles and responsibilities?**

The Board has already begun discussion on committee make up and next steps with the expectation to go forward. The decision of the BC FIRB panel will provide sufficient authority for the Board to have meaningful dialogue on next steps without being blocked by any stakeholder group. As stated in the



Board's Pricing Review Decision, within one week of receiving the FIRB Panel's decision, the Board will call a meeting of the Committee to review the terms of reference and work plan. While the PPAC, established by regulation will play an active role in the process to establish the BC Cost Recovery Model, the Board believes that the Pricing Model Committee needs to have broader representation to ensure that all industry interests are identified and addressed from the outset of the process. It is envisioned by the Board that the Pricing Model Committee would be a subcommittee of the PPAC in order to provide broader industry-wide perspectives and dialogue for reaching consensus. Neither the PPAC or the committee have decision making authority, but the Board will heavily weight options and advice given by either the committee or PPAC at large.

### **3. What will be the committee's composition, including the Chair and all members, and how will the Chicken Board select them?**

As stated above, membership will be similar to the PPAC and likely only include appointed members and exclude alternates. Alternates could attend the meeting only if the appointed member could not attend in order to maintain project timelines. In addition, a representative from the hatching egg producers, Hatcheries, and BCBHEC will be included. The Board is in active discussions about the potential chair or project manager of the committee (3<sup>rd</sup> party consultant, internal staff, a non-grower Board member, etc). Potential names and considerations can be discussed further at our April 12<sup>th</sup> meeting as this is not finalised. In addition, names and recommendations will further be vetted and the Board may seek advice from the PPAC on the appointees and chair/project manager.

### **4. Who is the "Project Manager" for this process? Who will the Project Manager report to, and how will this person communicate and work with the committee, PPAC and the Chicken Board?**

The Board continues to discuss candidates for a project manager position which can be further discussed at the April 12<sup>th</sup> meeting. The proposal for the long-term pricing decision on page 8 of the Pricing Review Decision outlines the timeline which the project manager would need to adhere to. The Board will request both verbal and written reports on the status of deliverables. The Board Executive Director will remain in direct contact with the project manager throughout the process.

### **5. What role does the Chicken Board see for itself in this process? Will the Chicken Board take an active leadership role among PPAC, the committee, the stakeholders and Project Manager?**

The Board as first instance regulator will make the final decisions after giving due consideration to the input provided by PPAC, the committee and stakeholders. The Board will affirm the deadlines and terms of reference. The Board will determine the final decisions and will be the determinant if no unified recommendations or advice are provided from the committee. The Board will attend the meetings of the committee to provide background, data, and hear the arguments of stakeholders, but will not participate in the options or advice made by the committee. In other words, the Board will serve as an observer and contributor of information on the committee and ensure data is verifiable.



**6. What methods, and checks and balances will the Chicken Board put into place to ensure PPAC and the committee fulfill their terms of reference with the stakeholders and effectively balance competing interests?**

The project manager will be responsible for the project deliverables within the timelines specified in the Terms of Reference unless otherwise agreed to by the Board. The Board reinforces the position that it can only deal with transparent and verifiable data and figures. In addition, data must not only be verifiable but also repeatable (i.e. by period, annual, etc, and not just a snapshot in time). The Board maintains its position that opinions cannot be used to balance competing interest and the application of fact-based decision making is critical in balancing the best interests of the industry.

Neither the Board nor stakeholders can know the outcome of the long-term pricing formula prior to collecting the data. It should be noted that we cannot take processor competitiveness on its own as a separate and distinct item, without taking other factors into consideration. Similarly, the Board will not adopt total cost recovery as the basis of setting the live price without factoring in processor competitiveness.

**7. Given the on-going divisions and disagreements between the Chicken Board, the growers and processors, what is the Chicken Board's strategy to build cooperative and productive working relationships to support a successful outcome?**

The Board maintains that the industry has a cooperative and productive working relationships with all stakeholders, which is evidenced by the ability to navigate through an unprecedented pandemic, plant closures, a heat dome, flooding, as well as the recent threat of Avian Influenza. The only area of non-cooperation and strained relations is on the file of chicken pricing. Therefore, once the pricing formula is established and the Board has been given clear authority to pursue our proposal for a BC Cost Recovery model we foresee a re-established and productive relationship of all parties to seek betterment of the chicken industry. It should be noted, the Board is not aware of any other significant disagreements or divisions which are not being actively resolved.

If a stakeholder group fails to sufficiently cooperate or provide appropriate transparent and verifiable data, the Board will make decisions based on the best available information. A failure of a stakeholder group to provide verifiable information despite the Boards best efforts does not negate the Board from making a successful decision based on sound marketing policy.

**8. How and how often will the Chicken Board consult stakeholders in this process? How will the Chicken Board evaluate their input and who will carry out this evaluation.**

Upon the decision of the BC FIRB on the proposal for a BC Cost Recovery model, the Board will immediately begin the proposed process and timeline outlined in the Pricing Review Decision. In addition, the Board will hold regional meetings at minimum at the outset of the development of the project, as well as at the end of the project. Meetings may be in-person, virtual, or hybrid and will be dependant on availability of personnel and public health measures. In addition, the Board plans to



provide periodic updates on the project through its bi-weekly newsletters with an invitation for comments.

The Board will compile comments from these meetings, as well as any feedback provided in writing. The Board will evaluate based on sound marketing policy as well as SAFETI considerations based on transparent and verifiable data. The Board cannot put weight into opinions, unrepeatable, or unverifiable or non-objective point-in-time data.

In addition, there will be ongoing consultation between the Commission and the Board through the Joint Committee and board to board meetings. Both first instance regulators will need to assess the overall impact to the entire industry and interconnectivity of the respective pricing models.

Lastly, although previously mentioned in this letter it is worth reiterating. In the Boards view, once the Board has been given the clear direction, authority, and approval to seek a BC Cost Recovery model we believe meaningful and productive dialogue can take place between all stakeholders. The suspension of the Board's first instance regulator authority over pricing during the supervisory review process has constrained our ability to facilitate meaningful conversations and continues to erode relationships as stakeholders focussed their input to the BCFIRB Review Panel and Review Liaison.

The Board looks forward to meeting the panel in-person on April 12<sup>th</sup>, as well as joint lunch with the BCBHEC. We hope this letter has provided the requisite clarity to the Board's Pricing Review Decision.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

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BC Chicken Marketing Board

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