



BC Farm Industry Review Board

August 8, 2022

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DELIVERED BY EMAIL

Harvey Sasaki
Chair, BC Chicken Marketing Board

Dear Chair Sasaki

BCFIRB INITIAL EXPECTATIONS AND DIRECTIONS - BC CHICKEN MARKETING BOARD (CHICKEN BOARD) LONG TERM FORMULA DEVELOPMENT PROCESS

Thank you to the Chicken Board and staff for meeting with the BC Farm Industry Review Board (BCFIRB) Chicken Sector Pricing Review Panel (the Panel) on August 3, 2022.

In an April 28, 2022 letter, the Panel invited all stakeholders and the Chicken Board to meet regarding the Chicken Board's March 4, 2022 submission that set out a plan to develop a long-term pricing formula. The Panel has now met with the BC Chicken Growers Association (BCCGA) on June 16, 2022, the Primary Poultry Processors Association of BC (PPPABC) on July 26, 2022, and the Chicken Board on August 3. No other stakeholder representatives requested a meeting.

In the Panel's meeting with the PPPABC, the processor representatives expressed very serious concerns about the Chicken Board and its conduct in relation to pricing. The PPPABC indicated they have lost all confidence in the Chicken Board to be able to lead the development of a sustainable and fair long-term pricing formula, or to be able to proactively work with the PPPABC in an open, fair and trustworthy fashion to consider and balance the interests of the processor sector alongside those of growers. The processors told the Panel they have reached a point that they are no longer willing to work with the Chicken Board or engage in its process. The PPPABC further asked BCFIRB to take over the process of developing a long-term pricing formula and engage an independent third party that they could work with and provide data and information to.

In the Panel's meeting with the BCCGA, the grower representatives generally supported the Chicken Board's plan, but see regular and timely updates from the Chicken Board on progress as critical. The growers pointed out that some cost components planned for the long-term formula will never find agreement (e.g., land and labour). Rather than letting lack of agreement become a log jam and delay formula development, the

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growers recommended that the Chicken Board identify the extremely contentious cost components and have a third party establish the values.

In the meantime, the Chicken Board has started its process with the Panel's support in principle. It is critical to industry stability that a strategic and sustainable long-term pricing formula for live broiler chicken is reached as soon as possible. The Chicken Board reported that a Project Manager was retained as of June 2022 and Serecon has been engaged for survey work and data collection.

While the Panel has yet to issue a final written decision on the March 4, 2022 submission from the Chicken Board, in which the Chicken Board laid out its plan to develop a long-term formula, the Panel believes it is necessary to issue the following expectations and directions immediately given the discussions held with the PPPABC on July 26, and the subsequent meeting with the Chicken Board on August 3.

Terms of Reference and Role of BCFIRB Pricing Liaison

In October 2020, the Panel approved the joint Chicken Board/Commission Terms of Reference for the Long-Term Chicken Sector Pricing Review. BCFIRB also provided a Liaison, Wendy Holm, to help facilitate and support the Chicken Board, Commission and stakeholders with finding long-term pricing options and solutions.

The Panel confirms that the Terms of Reference remain in place and continue to reflect its overall expectations (attached).

The Panel also confirms that Ms. Holm will continue to play an active role in the Chicken Sector Pricing Review based on the Terms of Reference responsibilities:

Reporting to BCFIRB:

- Review Liaison bi-weekly status reports submitted to BCFIRB on the Review activities and progress will be shared with all parties to ensure full and complete transparency of the process (see Reporting).

Working with CMB, BHEC and the parties:

- Observing, participating in and reporting to BCFIRB on meetings. Meetings include individual and joint Chicken Board and Commission board meetings and stakeholder meetings directly related to the pricing and linkage review process.
 - The designated liaison within each association and regulatory board will be responsible for ensuring the Review Liaison is notified of, briefed on and included in all Review-related meetings.
- Organizing and supporting meetings of the parties as appropriate to facilitate the process.
- Supporting and facilitating the identification and development, by the boards and parties, of components necessary to informing chicken sector pricing policies. From whom the information is needed; and the timing of the need to address pricing options, including but not limited to a linkage and the Commission's exit notice and general concerns about pricing sustainability.

- Monitoring the Review, including the engagement of parties and the provision of necessary information and data consistent with the task list and timelines identified by the parties at the outset.
- Ensuring that all stakeholders receive such sensitive information in a form that informs the regulatory decision-making of the Commission and Chicken Board

The Panel expects, as per the Terms of Reference, that the Chicken Board and Commission will work with the Liaison, cooperatively and supportively, in the areas set out above.

Chicken Board's Long-Term Pricing Committee (Committee)

The Chicken Board is directed to amend its Committee structure to include BCFIRB's Liaison, Ms. Holm, as a non-voting member.

As a Committee member, BCFIRB expects the Liaison will take an engaged and active role on the Committee, not one of an observer. The Liaison will not be a voting member or decision-maker, nor will the Liaison be making any decisions on behalf of BCFIRB.

The Panel understands that PPPABC refuses to participate as Committee members at this time. The Panel appreciates that the Chicken Board has further offered the PPPABC Executive Director an opportunity to attend the Committee meetings as an observer in light of PPPABC members refusal to participate.

Given the critical nature of the information PPPABC brings to pricing discussions, the Panel strongly urges the PPPABC to reconsider its position on participation, particularly given that the Panel's Liaison will become an active member on the Committee. The PPPABC, along with the BCCGA, are also strongly encouraged to make the work of this Committee, and timely attendance at these meetings, a priority.

The Panel understands there have been many tensions, but asks all parties to rise above the challenges and come together in this process for the benefit of the overall sector. The Panel will be relying on Ms. Holm to substantively engage in the Committee's discussions and keep it updated on progress, as well as overall dynamics and process. The Chicken Board will demonstrate that it has fairly and transparently engaged with all parties.

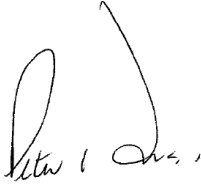
Next Steps

As previously committed, the Panel will be issuing its final written expectations and directions regarding the Chicken Board's March 4, 2022 long-term pricing formula development plan no later than September 2022.

At this time, the Panel is not prepared to replace the Chicken Board's process or establish a parallel process involving an independent third party. The Panel will determine if any further interventions by BCFIRB are required in future, taking into consideration the level of genuine effort from all parties to make the new process

established by the Chicken Board work, and to develop a long-term pricing formula reflective of the Terms of Reference.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Donkers". The signature is fluid and cursive, with a large initial "P" and "D".

Peter Donkers
Chair
BC Farm Industry Review Board

cc:

Woody Siemens, Executive Director, BC Chicken Marketing Board
Jim Collins, Chair, BC Broiler Hatching Egg Commission
Stephanie Nelson, Executive Director, BC Broiler Hatching Egg Commission
Dale Krahn, President, BC Chicken Growers Association
Jennifer Curtis, Manager, BC Chicken Growers' Association
Blair Shier, President, Primary Poultry Processors Association of BC
Craig Evans, Executive Director, Primary Poultry Processors' Association of BC
Angela Groothof, President, BC Broiler Hatching Egg Producers' Association
John Franck, President, BC Egg Hatchery Association
Ernie Silveri, Executive Director, BC Egg Hatchery Association
Wendy Holm, BCFIRB Pricing Liaison
BCFIRB website

Attachment