



BC Farm Industry Review Board

July 8, 2022

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DELIVERED BY EMAIL

Harvey Sasaki
Chair, BC Chicken Marketing Board

Dear Chair Sasaki:

CHICKEN BOARD WEIGHT CLASS CHANGE PROPOSAL – FURTHER INFORMATON AND ANALYSIS REQUESTED

On June 10, 2022, the BC Chicken Marketing Board (Chicken Board) requested prior approval from the BC Farm Industry Review Board (BCFIRB) Chicken Pricing Supervisory Panel (the Panel) to alter the interim formula. As per the Panel's July 3, 2020 Interim Order, any changes to the interim price formula requires BCFIRB's prior approval until the Order is lifted or amended.

On June 28, 2022 the Panel approved the following interim formula amendment for three production periods starting in period A-177: a provision to cover 50% of the formula costs exceeding the upper guardrail.

The Panel did not approve the Chicken Board's recommendation to change the Ontario weight class used in the interim formula calculation from 2.45-2.65 kg to 2.15-2.45 kg, starting in A-177. The Panel committed to issuing a decision on the weight class recommendation prior to the start of period A-178 (August 28, 2022) after further consultation and consideration.

The background and the Panel's rationale and directions can be found here: [In the Matter of the Natural Products Marketing \(BC\) Act and BC Chicken Marketing Board Interim Pricing Formula Amendment Prior Approval Starting Period A-177](#). (Decision)

Recommended Weight Class Change to Interim Formula

In its June 28 decision, the Panel strongly agreed with the Chicken Board, and the Primary Processors' Association of BC (PPPABC), that an interim price balance needs to be found between the business interests of growers and processors in these exceptional circumstances.

However, in its Decision, the Panel also set out its concerns with the recommended change in weight class and why it requires additional time for consultation and consideration:

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39. Given the concerns expressed by BC Chicken Growers' Association (BCCGA) and PPPABC, it is unclear to the Panel how it is possible to find a balanced solution to interim pricing tensions by, as the Chicken Board requests, decreasing minimum liveweight price \$0.02/kg through dropping the weight class basis while, at the same time, including a provision to increase minimum liveweight price by returning to growers over-guardrail losses due to a wheat/corn price disparity that may or may not continue in the future. The recommendation itself is not accompanied by meaningful analysis by the Chicken Board, nor accountable arguments from PPPABC and BCCGA for or against such a recommendation.

The Decision highlights several areas of on-going frustration and concern for the Panel,

- “The Chicken Board, BCCGA and PPPABC all claim there is lack of verifiable data provided for the various arguments made and positions taken.”
- “It is not evident that the Chicken Board has worked directly with the PPAC, and/or BCCGA and PPPABC on “livable options” prior to coming to the Panel. In turn, neither BCCGA nor PPPABC seem to have chosen to engage with each other and the Chicken Board to pursue a balanced, interim solution.”

Overall, the Panel observes that as the review continues, industry members appear to be ignoring their collective best interests and, at times, actively working at cross purposes. The Chicken Board must provide strong, creative and proactive leadership for this industry.

Next Steps – Questions and Analysis

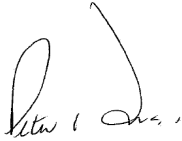
To help the Panel make an informed decision on the Chicken Board weight class change recommendation, the Panel puts the following questions to the Chicken Board:

- The Chicken Board notes in its submission that it considered several options for balancing grower and processor interests.
 - What were those other options?
 - What were the views and input of the parties on those options?
 - Why did the Chicken Board decide that changing the weight class formula was the best of all options considered?
- What is the Chicken Board's view of the impact of the change in weight class on chicken growers? On what data or information is this view based? Given the change will reduce the price growers are paid by \$0.02/kg, will this reduction be manageable for growers today given the cost pressures arising from the current wheat-corn price disparity? Will this impact change over time?
- What is the Chicken Board's view of the impact of the change in weight class on processors? On what data or information is this view based? How will it improve or affect processor competitiveness, both now and going forward?

Once the panel receives the Chicken Board's response to these questions, it will consider its next steps.

The Panel asks that the Chicken Board's response to these questions is provided by **Monday July 18, 2022.**

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
Jennifer Curtis, Manager, BC Chicken Growers' Association
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
Wendy Holm, BCFIRB Pricing Liaison
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