



June 28, 2022

Farm Industry Review Board
Mr. Peter Donkers, Chair
PO BOX 9129 Stn Prov Govt
Victoria, BC V8W 9B5
BY EMAIL:

RE: BCCMB Long Term Chicken Pricing Cost Recovery Model (CRM) Update

Dear Mr. Donkers:

The British Columbia Chicken Marketing Board would like to take this opportunity to provide a progress report on the steps the Board has undertaken to move towards its long-term chicken CRM. Since we last met with the BCFIRB Supervisory Panel on (April 12, 2022) at which time the Board received affirmation to embark on the CRM forthwith, the Board has accomplished the following:

Project Manager:

After soliciting and compiling a list of potential candidates, the Board has engaged Mr. Randy Williamson to lead the project. Mr. Williamson has an impressive background as a Senior Executive with Dairyland, DairyWorld Foods, and Saputo Canada as well as the Chair of the Canadian Dairy Commission from 2007 to 2015. He continues to offer consultancy work as an Executive Skills Consultant, and we are excited to have his exemplary skills to lead our Cost Recovery Model project as the Project Manager. Mr. Williamson's start date was June 23, 2022

Mr. Williamson has been tasked with:

- Meet with a selected individual industry stakeholders to gain perspectives and insights to guide the process, as well as identifying potential key individuals to participate on the Cost Recovery Model Committee ("CMRC").
- Engage the CRMC, and subsequently through PPAC, while meeting the timelines and deliverables set by the Board:
 - Affirm the grower cost component project work plan as proposed by the consultant selected to conduct the work,
 - Secure stakeholder commitment and endorsement of the approach and methodologies to guide the data collection and analysis of the grower cost component by the selected consultant.
 - Review the grower cost component data, methodologies and evaluate costs against key benchmarks.
 - Identify the need for and if needed, recommend guardrails that address reasonable returns to growers and processor competitiveness in the Canadian market.
 - Identify and recommend the independent additional third-party to conduct the review of the CRM.



- Identify any specific areas of concern with respect to the CRM for the independent third-party to include in their review of the CRM.
- Lead the CMRC to identify and recommend benchmarks for:
 - An efficient grower (i.e. average or median BC farm)
 - Processor competitiveness (i.e. Ontario or Canadian weighted average live price, market share etc.).
- Informing the Board, BCFIRB and industry on progress made by the committee through biweekly written reports.

Cost Recovery Model Committee:

The committee is to be set as follows:

- Independent Chair (Project Manager)
- 3 Processor Representatives
- 3 Grower Representatives
- 1 Hatching Egg Representative
- 1 Hatchery Representative
- BCCMB Executive Director

The Project Manager will meet with the various industry stakeholders over the next two weeks and will provide recommendations on make-up of the committee to the Board. Upon receipt and consideration of the Project Manager's recommendations the Board will announce the appointed members.

CRMC Terms of Reference:

The Terms of reference have been drafted but not yet been finalized. The Terms of Reference will first be shared with the Project Manager for comments before being provided to the PPAC and CRMC for feedback and comments. We expect the Terms of Reference to be finalized and shared in the next report.

Engagement of a Consulting Firm for survey work and collection of cost data:

To expedite the process from what was prescribed in the March 4th, 2022, Long Term Pricing Decision, the Board issued a Request for Expression of Interest (RFEOI) direct to 4 firms on May 5, 2022. The RFEOI was also circulated by email to the BCCGA, PPPABC, Western Chicken Boards, CFO, BCFIRB, and BC's other feather Boards and Commissions to share with any other firms they believe may have an interest in this project.

The Board received and reviewed the 3 expressions of interest provided from MNP, KPMG and Serecon. Based on the document received the Board reached consensus that only one firm fully met the requirements. While the Board's March 4, 2022 Long Term Pricing Decision submission indicated that it would engage the pricing subcommittee in the consultant selection process, the Board was of the opinion that maintaining that approach would lead to undue delay in initiating work on the Grower Cost Component. To expedite the process, the BCCMB on June 20, 2022 decided to secure the services of Serecon pending validation of the Board's review of submissions by the Project Manager. Upon receipt of validation by the Project Manager, Serecon will be requested to provide a letter of engagement (LOE) including a detailed work plan to the Board by July 18, 2022. The project schedule contained within the



detailed work plan and engagement letter will be used to update the timelines of the March 4th Long Term Pricing Decision.

As proposed in the Long-Term Pricing Decision, the CRMC would have been given time to review and recommend to the Board the qualified firms (a process that would add 2-3 weeks to the timeline). Having received affirmation to proceed with the CRM verbally by the Review Panel in April and based on its thorough consideration and review of the expressions of interest received, the Board determined that in the interest of time to make the selection of consultant without input from the CRMC. The Board will provide the RFEI submissions received to the PPAC for information in the absence of the CRMC being established.

Timelines:

- A generic timeline and deliverables as outlined in the March 4th submission will be converted to a more specific schedule following Serecon's submission of its detailed work plan and schedule.
- Meetings will be scheduled as needed and are compulsory to attend. While meeting times will attempt to accommodate schedules within the prescribed timeline, a scheduling conflict will not prevent the continued progress of the committee and timeline.

Reporting:

It is the expectation of the Board that the Project Manager provide written reports on a bi-weekly basis on progress and status updates. These reports will be provided to the Review Panel as well as the CRMC and PPAC members. As well, the Project Manager will have ongoing dialogue with the Executive Director or Board as necessary.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Harvey Sasaki
Chair

Cc: BCCMB PPAC
BCBHEC
PPPABC
BCCGA