



November 16, 2022

Mr. Harvey Sasaki
Chair
BC Chicken Marketing Board

Dear Mr. Sasaki:

Re: Re-Invitation to Participate in the Cost Recovery Model Committee Process

The Primary Poultry Processors Association of BC (PPPABC) is in receipt of BC Chicken Marketing Board's (the Chicken Board) correspondence dated November 10, 2022, requesting that processors engage in the Cost Recovery Model Committee (CRMC) as a full participant.

Your letter of November 10 states that "The Chicken Board appreciates and values the input that our processing industry can provide to this process...", however this has certainly not been our experience to date. The Chicken Board is well aware of the PPPABC's views that our submissions have been misinterpreted, distorted and in some cases summarily dismissed (e.g. the BC Feed Conversion Ratio). As such, we are skeptical that the Board will now objectively consider our input going forward.

It is also very clear that the BCCMB has made the decision to recommend a live price formula that is based on a Grower Cost Recovery Model (CRM). However, in making this decision the Board has not considered the significant challenges and potential inaccuracies involved with such a model, nor have they considered the potential impact it will have on other stakeholders in the industry.

At the outset the Chicken Board advocated that the CRMC was to be chaired by an independent third party. The Chicken Board has now abandoned this principle and the CRMC is now, for all intent and purpose, being led by the Chicken Board to which the CRMC will be making its pricing recommendations. In all fairness, the CRMC Chair cannot be seen as "independent" or as a "non-biased facilitator" in this process given they have a vested interest in defending the principles they have brought forward over the course of the review.

The PPPABC has identified and brought forward several concerns with respect to the lack of process and objectivity in the review, but this pattern continues. The PPPABC has no confidence that our views will be taken seriously and at this point, we will continue to participate in the CRMC only as an observer.

The PPPABC has also brought forward to BCFIRB and the Chicken Board a number of conditions that would need to be in place for the PPPABC to fully engage in the CRMC process. Neither the Chicken Board nor BCFIRB have responded to our requests, and this has further eroded our trust and confidence in the process and that our concerns will be addressed.

However, based on the Chicken Board's request of November 10, and in an attempt to move the process forward the PPPABC has revisited its position, and will participate in discussions on the live price formula that would include, but not be limited to the CRM as it is currently defined under the following conditions:

1. Commitment from the Chicken Board that acknowledges BC as a high cost of production province, and that this cost burden must be shared by all industry parties meaning that every stakeholder within the BC value chain must share in this cost burden.
2. Acknowledgement that BC processors, as we have presented, face significant cost disadvantages when compared to their eastern counterparts and that the Live Price paid by processors is in fact their largest cost item and the biggest cost disadvantage with eastern processors.
3. Confirmation that there will be third-party oversight of the process or at a minimum that the BCFIRB Liaison will play a much more active “oversight role” and that there is a clear process to remove bias from committee decision-making.
4. Chicken Board will clearly define and lay out the steps, and criteria they plan to use to assess the “proposed live price formula” recommendation. The Chicken Board will objectively review an alternate Live Pricing Formula submitted by the processors against the same criteria.
5. Finally, that the Chicken Board will implement a complete moratorium on grower movement effective immediately and that it remains in place, at a minimum, for the remainder of the pricing supervisory review.

The PPPABC has been very transparent in its opinions that it has lost confidence in the Chicken Board’s ability to manage the pricing review process objectively and effectively. While the PPPABC is anxious to get to a new Live Price Formula, we are more concerned about the integrity of the process involved in getting to a new formula.

We sincerely hope that the Chicken Board will seriously consider our request so we can fully participate on the CRM Committee. We believe that the PPPABC can provide value to the process, but we see no value in participating if our views are going to be continually compromised. It is time for a reset in the pricing discussions and it is up to the Chicken Board to show objective leadership and find the ways and means to bring the parties together.

Please reach out if there is anything that requires more clarification or if you have any questions on the conditions we have outlined to re-engage in the process.

Sincerely,

A handwritten signature in black ink that reads "Craig Evans". The signature is written in a cursive style with a long vertical line extending downwards from the end of the name.

Craig Evans
Executive Director
Primary Poultry Processors of BC

c. Jim Collins – BCBHEC
Wendy Holm – BCFIRB Liaison
PPPABC Membership