

BC Chicken Marketing Board (Chicken Board) Cost Recovery Model Committee (CRMC) – Report for November 2022

Program Manager

The program manager is responsible for overseeing the engagement of stakeholders through the CRMC while meeting the timelines and deliverable set by the Chicken Board in its Long Term Formula Development Plan (Plan). The role of the project manager is to facilitate a stakeholder response and recommendations by the CRMC to the Chicken Board on the key elements of the plan, more specifically:

- Grower Cost Recovery Model Components (Serecon)
- Independent 3rd party review of the model (MNP)
- Definitions and measures of “reasonable return to growers” and “processor competitiveness”
- Integration of supply chain pricing

The initial program manager appointed by the Chicken Board resigned the position in August 2022. The Chicken Board explored options and individuals capable of taking on the role. In October the Chicken Board appointed the current Chicken Board Chair, Harvey Sasaki to be the project manager through to the completion of the work of the CRMC.

At the November 17, 2022 CRMC, Harvey Sasaki explained his role as an independent Chair of the CRMC, not a representative of the Chicken Board. He was not there to advocate or defend the position of the Chicken Board decisions, rather to facilitate dialogue and consensus on the key components and tasks assigned to the CRMC as part of the Plan leading to CRMC recommendations to the Chicken Board on the key elements described above.

Committee Membership

The CRMC Terms of Reference is intended to include representation from the key sectors of the BC Chicken Industry

- Growers through the BC Chicken Growers Association (BCCGA)
- Hatching eggs through the BC Broiler Hatching Egg Commission (Commission)
- Hatcheries through the BC Egg Hatchery Association (BCEHA)
- Processors through the Primary Poultry Processors Association of BC (PPPABC) and non-PPPABC processors
- BCCMB through the Executive Director (non-voting)
- BCFIRB through the Liaison (non-voting)

As a result of the November 1, 2022 BCFIRB Decision re: BC Chicken Marketing Board Long Term Formula Development Plan, the Board re-issued an invitation to the PPPABC and non-PPPABC processors to participate on the CRMC and the Plan. The Chicken Board received a response from the PPPABC on November 16, 2022 regarding their participation on the CRMC. The Chicken Board will be meeting on November 29 to discuss the terms contained in the PPPABC response.

The PPPABC continued to “observe” the process through their Executive Director at the November 17 meeting at the request of the Chicken Board. All other members were present and actively participated in the discussions.

Grower Cost Recovery Model Work and Communications Plan

The Chicken Board presented a table form of the key activities, actions and communications required for the Plan. The CRMC requested clarification of some points, particularly timing and sequence of events involving the CRMC. The draft Work and Communications Plan was adopted following the discussion.

Cost Recovery Model Components

Woody Siemens updated the committee on the status of the Serecon work on data collection, reporting that the surveys in the Interior and Vancouver Island were completed and over 50% of the Lower Mainland Surveys were completed. It was expected that surveying would be completed in November and data compilation occurring in December. As well, Serecon would be in a position to present the key elements of the model and questions for the CRMC.

MNP has been engaged to conduct the independent third party review but was unable to work concurrently with Serecon and will not commence its engagement until mid- to late December.

The CRMC asked to schedule a presentation by Serecon on the proposed methodology to be considered for the model in December. The presentation to include how the methodology applied to that used in the Hatching Egg COP and for the potentially contentious issues of labour, capital, land and return on investment what other approaches could be considered. The meeting to include a presentation by Commission staff on the hatching egg COP implementation and lessons learned in the development process and a Chicken Board presentation on the organic COP.

In moving forward, the process for the Grower Cost Recovery data and modelling will entail the following steps:

- Serecon to complete the grower surveys – target for completion end of November
- Serecon to meet with the CRMC to present the proposed methodology for handling the data and address any questions presented by Serecon with respect to the proposed model. Serecon to consider any questions or concerns raised by the CRMC in the development of the draft model – target for CRMC meeting, mid-December.
- MNP to engage with Serecon to initiate the independent third-party review of the methodology and data – target date for initiation of MNP engagement – mid- to late December.
- Serecon to populate the model components with the survey data and present the results to MNP for review to identify issues/concerns with the methodology and data – target date mid-late January.
- MNP to meet with Serecon to address/resolve any issues/concerns raised with respect to the methodology and data. Any issues/concerns unresolved by Serecon/MNP to be identified to the CRMC, along with alternate approaches, including the risks, benefits, advantages, and disadvantages of each alternative approach – target for completion mid- to late February.

- Serecon to present draft model to CRMC mid- to late February dependent on the MNP audit.
- Based on CRMC input and direction, Serecon to prepare a final draft model for presentation by to the Board and subsequently to industry stakeholders. Final draft model to include a summary of issues/concerns raised by MNP in the model audit process and what was done to address/resolve them – target date for presentation mid-March, dependent on MNP audit.

Policy Objectives – Definitions and Measures

The CRMC had a discussion of the definitions of reasonable returns to growers and processor competitiveness that arose out of the roundtable review process. It was recognized that without the full participation of processors, it would be difficult to draw conclusions or finalize recommended definitions and measures. Woody Siemens advised the CRMC the Chicken Board has engaged the services of Hugh Scolah to prepare a discussion paper on the definition and measures of processor competitiveness. The paper will provide a basis for CRMC future discussion on the topic. The CRMC agreed that a more fulsome discussion be scheduled for January once the PPPABC participation was confirmed.

Adversarial Nature of Process

The CRMC discussed the commentary of the BCFIRB November 1, 2022 Decision on the adversarial nature of the process. Participants acknowledged that by nature pricing discussions were adversarial with parties representing different interests. It was recognized that there was a need to find common ground, but that consensus may not be possible on all elements. All parties agreed that they were in favour of continuing to move forward with the current process.

Future Meetings

The CRMC agreed to meet in

- December – topic model methodology
- January – topic definitions and measures
- February – topic model results

Prepared by:

Harvey Sasaki

Chair, CRMC/Grower Cost Recovery Model Project Manager