

# BC Chicken Marketing Board

## 2020 Pricing Review Round Table

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### ***Title***

- Pricing Policy Objectives

### ***Objective***

- To provide context and understanding of the dual pricing policy objectives of reasonable return to growers and processor competitiveness in the Canadian market and to receive input and advice on defining and measuring the policy objectives.

### ***Desired Outcome***

- Clear definitions and measures for the two pricing policy objectives.

### ***Agenda***

1. Review Agenda – Purpose and Objectives
2. Background – Chicken Board Discussion Paper on Pricing Policy Objectives
3. Reasonable Returns to Growers
  - a. BC Chicken Growers submission
    - i. Discussion/Questions
  - b. Primary Poultry Processors submission
    - i. Discussion/Questions
  - c. Required Follow-up
4. Processor Competitiveness
  - a. Primary Poultry Processors submission
    - i. Discussion/Questions
  - b. BC Chicken Growers submission
    - i. Discussion/Questions
  - c. Required Follow-up
5. Closing comments/next steps summary

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### ***Background***

#### ***History of the Pricing Policy Objectives***

- British Columbia was the first province to introduce the regulation of chicken in Canada on December 12, 1961 with the intent of addressing the low prices being paid to broiler growers for live chicken.
- The passage of BC Order in Council 3093 established the “British Columbia Broiler Marketing Scheme 1961” (the “Scheme”) under the *Natural Products Marketing (British Columbia) Act*.
- The original purpose and intent of the Scheme was to provide for the effective promotion, control and regulation, in any and all respects and to the extent of the powers of the Province, of the transportation, processing, packing, storage, and marketing of the regulated product within the Province, including the prohibition of such transportation, processing, packing, storage, and marketing in whole or in part.
- The original Scheme also provided the Board with the power “To fix the price or prices, maximum price or prices, minimum price or prices, or both maximum and minimum prices at which the regulated product or any grade or class thereof, may be bought or sold in the Province, or that shall be paid for the regulated product by a designated agency, and may fix different prices for different parts of the Province”.
- The Scheme enabled the Board to work with processors to set the price of live chicken in British Columbia. The Board retains that power today under the Scheme.
- Following the passage of the national *Farm Products Marketing Act* in 1972, British Columbia amended the Scheme in 1973 to reflect the three pillars of supply management with the addition of “production” into the purpose and intent of the Scheme.

## [Genesis of the Dual Policy Objectives](#)

- The dual policy objectives are not in the Scheme but based on BC Farm Industry Review Board directions to boards arising from appeals or supervisory reviews. They are not specific to chicken, and the range of pricing approaches in BC supply management varies.
- One of the first references to “informed and effective pricing decisions to support effective development of the total industry” was contained in an October 17, 1990, British Columbia Marketing Board (now BCFIRB) appeal decision in the British Columbia Food Processors Association versus the British Columbia Vegetable Marketing Commission with respect to the price for processing peas and corn in the crop year 1990.
- The June 9, 2010 decision of the Supervisory Review of BC Chicken Marketing Board Pricing Related Recommendations, the Panel stated “All parties in this supervisory review agree that a workable pricing model must be consistent, predictable, transparent and result in a live price that gives growers a reasonable return and allows processors to be competitive in the Canadian market.” (para 23.)
- In their May 16, 2019 decision, the BC Farm Industry Review Board references a November 17, 1997 British Columbia Marketing Board pricing report stated:

“The exercise of this pricing authority has been a source of significant controversy. There is an historic and natural tension between the price that growers want to be paid for their birds, and the price that processors want to pay for them. As we noted in our decision on *89 Chicken Ranch* “the persons charged with the responsibility [of making these decisions] must arrive at a price sufficiently high to maintain the BC chicken growing industry and sufficiently low to maintain the BC processing industry.” (para. 14).

## [Implications of the Dual Policy Objectives](#)

- The dual policy objectives that are intended to guide pricing of live chicken in British Columbia must be put into their proper context.
- Firstly, the Board retains pricing authority in accordance with the purposes of the Act and the Scheme.
- Secondly, in keeping with other principles of pricing that include, but not limited to:
  - Consistent
  - Predictable
  - Transparent
- Thirdly, finding the balance that supports effective development of the industry as a whole.

## **Current Status**

- There is no definition for either “reasonable return to growers” or “processor competitiveness in the Canadian market”, let alone transparent, quantifiable measures of each. The former can also be accomplished by a cost of production formula as is the case in other supply managed commodities, the latter is more difficult to quantify.
- The Pricing Working Group, established in September 2019 by the Chicken Board, with representatives of the British Columbia Chicken Growers Association (the “Growers Association”) and the Primary Poultry Processors Association of British Columbia (the “Processors”) were provided a facilitator to recommend to the Chicken Board, definitions and measures of the dual objectives.
  - The activities of the Pricing Working Group was terminated in March 2020 as a result of the initiation of the current Supervisory Review.
  - The Pricing Working Group had made progress, but had failed to arrive at a consensus on acceptable definitions and measures of the dual objectives.
- On October 30, 2020, the Chicken Board issued a request to industry stakeholders to provide input on the dual objectives.
  - To date the Chicken Board has received input from the Growers Association with respect to the definitions and measures.
  - The Processors are in the process of preparing a submission on the definitions and measures.

## **Next Steps**

- Engage stakeholders in a dialogue on the definitions and measures put forward.
- Identify any additional follow-up required on the definitions and measures.