



THE HOLM TEAM *Agriculture Economics Journalism Trade Cooperation*

292 Smuggler Cove Road, Bowen Island, B.C., Canada V0N 1G1
(604) 947-2893 (604) 417-2434 www.wendyholm.com wendy@wendyholm.com

April 5, 2021

REPORT TO STAKEHOLDERS¹ (Producers, Hatcheries, Growers and Processors) LONG TERM CHICKEN SECTOR PRICING STRATEGY

Happy Easter, Passover and Ramadan! Arriving all at the same time, it feels like a spiritual eclipse. I wonder what it would be like if, as we gathered around family dinner tables, we reflected on what other communities of faith are celebrating, and why. Whether you consider yourself a spiritual person or not, the Unitarian in me believes if we spent more time understanding our neighbours, we would all be far better off.

And the same of course holds true for the chicken sector... The Long Term Chicken Sector Pricing Review Round Tables have created a unique opportunity for stakeholders to share their perspectives and challenges with market chain partners.

Why opportunity? Because dialogues that for decades have been binary and vertical – between a stakeholder and their supervisory bodies – were suddenly convened around circular tables as conversations. This challenged stakeholders to move away from worn and comfortable “repaving the goat path” strategies (“...let us say *this one more time!*”) to a process that encourages active listening and response. Of course, it was not without its complexities. At times, two views of reality were placed on the table. An example was product movement: is BC is a net importer or net exporter of chicken? A working table was convened to examine the differences in methodology that led to these two different conclusions, and a common view adopted. The amount of product in question was minor. The importance of this process was to explore ways to establish a common view (both can't be right, right?) and build greater trust between value-added stakeholders.

As we move through Phase Three and boards gather further (potentially confidential) information, these same challenges repeat themselves, but without the Round Tables. If you look at the updated Review Schematic (attached), you will see that the CMB presented BCCGA and PPPABC with a list of questions in mid-February. Stakeholders responded in a series of bilateral Zoom meetings with the CMB in March which Jim Collins, Stephanie Nelson and I attended as observers.² Using the same production cost numbers (Friesen; FIRB 2018 appeal), the CGA and the PPPABC paint a different picture of grower returns. Both stakeholders also share opposite views of processor competitiveness.

They both can't be right, right? It is up to the CMB to decide, in their deliberations as first instance regulators, how much weight to place on the respective arguments from each stakeholder. It is my job to make sure the Review process is transparent and, moreover, to seek common perspectives on industry dynamics when divergent views arise. I will be circulating/posting more on the Phase Three discussions shortly.

It is also my job to encourage all stakeholders (not just Association directors) to engage in this Review process. We are coming down to the wire. The process has been delayed a bit to consider the interim (A-169) impact of Ontario's removal of efficiency adjustments, so you still have time. We have three upcoming Round Tables (see schematic attached). Please contact me/your Association to attend and feel free to reach out with any questions.

Kind regards and keep safe and well...

Wendy Holm, P.Ag.(Ret'd), M.M.C.C.U.
BCFIRB Liaison - Long Term Chicken Sector Pricing Review

¹ This is the sixth in a series of reports to Stakeholders intended to keep you informed and engaged as we move through this Review process.

² We also sat in on a HEC-convened meeting with BCBHEPA in March.

Stakeholder Feedback + FIRB Approval of Terms of Reference: Long-Term Chicken Sector Pricing Review (Oct 6 – 28th 2020)

Call for Stakeholder feedback CMB Oct 30-Nov 2

Call for Stakeholder feedback HEC Dec 10- Jan 4

STAKEHOLDER ROUND TABLES

Nov 5th Introduction

Dec 14th Pricing Policy Objectives
Reasonable Returns + Proc Competitiveness

Jan 5th Pricing Policy Objectives II + Ontario Price

Jan 12th Some Liveweight Pricing Options (Table)

Jan 28th Hatching Egg Cost of Production (Serecon Report) (2 links)

Feb 3rd Hatchery Margins, Breeder chick and Vaccine formula

BCCGA
Feb 1 – High Level Questions Regarding BC Processor Submission

PPPABC
Jan 6 – Comments on CGA Submission Costs/Returns BC Chicken Market
Feb 12 – Comments on CGA Submission *Live Chicken Pricing in BC*

BCCGA
Feb 22 meeting with CMB
Mar 10 presentation to CMB + Mar 12 letter and follow up documents
Mar 23 Meeting with CMB

CMB Request for Questions and Concerns re Submissions

CMB Request for Metrics on Reasonable Return + Competitiveness

BCCMB
Feb 10 letter to PPPABC re Jan 6 Submission
Feb 12 [letter fm PPPABC](#) requesting further on: Processor Competitiveness, Reasonable Returns to Growers, Pricing Formula, Markets, Processing Structure, Health of Chicken Industry in BC
Feb 12 [letter to BCCGA](#) requesting further on: Reasonable Returns to Growers, Processor Competitiveness, Pricing Formula, Health of Chicken Industry in BC and Markets

BCCGA
Feb 2 – Return on Investment (attaching Serecon ROE fm HECOP)

PPPABC
Jan 28th **CONFIDENTIAL** Submission to CMB on advantages/ disadvantages for Ontario based on second-tier processor structure

PPPABC
Feb 18 and Mar 9th **CONFIDENTIAL** Presentations to CMB on Processor Competitiveness
Mar 25 Meeting with CMB

SAFETI Analysis

Third Party Review

BCBHEC
Final Hatching Egg Pricing formula sent to Stakeholders for feedback on draft SAFETI, pricing options and linkage considerations

BCBHEPA
Mar 29 meeting with BCBHEC

MARCH/APRIL HEC + CMB DEVELOP PRICING MODEL 

April 21 STAKEHOLDER ROUNDTABLE - PRESENT HEC+CMB Pricing models,

May 10 STAKEHOLDER ROUNDTABLE - FEEDBACK+ SWOT/SAFETI analysis

BCCMB and BCBHEC RECOMMENDATIONS TO BCFIRB

TBA STAKEHOLDER ROUNDTABLE ON STRATEGIC ISSUES

 WE ARE HERE