

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

Project Manager

The project 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 project 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..

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 early December.
- 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 – next meeting scheduled for December 7.
- 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. The CRMC agreed that a more fulsome discussion would be scheduled in January once further reports are provided, and the potential of processor participation.

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

From: [Woody Siemens](#)
To: [FIRB AFF:EX](#)
Cc: [Wendy Holm](#)
Subject: Update on Long-term Pricing Status Oct 28, 2022
Date: Friday, October 28, 2022 8:10:00 AM
Attachments: [image001.jpg](#)
[image003.png](#)
[image005.png](#)

Hello BC FIRB Pricing Panel,

See below for an update on the Long-Term Chicken pricing process. This update will be provided to the PPAC and through our industry newsletter.

Serecon Data Collection

Serecon continues to collect cost data for the mainstream COP. They have now collected all needed data from Vancouver Island and the Interior and are ongoing in the lower mainland region. Based on current schedule of interviews, approximately 70% of data collection will be complete by mid-November. Serecon is working this week to line up interviews for the remaining growers in the latter half of November and early December to reach completion. We thank all growers who are selected and participating in the data collection and interview process.

Cost Recovery Model Committee (CRMC) Meeting

Next CRMC meeting is scheduled for November 17th. We anticipate a ramp up of meetings over the next couple months to ensure the Board is receiving recommendations from the Committee. As per last update, Harvey Sasaki will serve as Project Manager and Chair of CRMC. It should be noted that the role of Project Manager/Chair of the CRMC is to *facilitate a recommendation from the committee* and is not to provide an “independent” recommendation to the Board.

Processor Competitiveness/Hugh Scolah

In order to help in the Boards future decisions and potentially provide guidance to the CRMC, the Board has requested the services of Hugh Scolah to develop a report on defining or defining metrics for assessing ‘processor competitiveness’ in a supply managed environment. This work will begin shortly. As this report will be theoretical and literature based rather than data collection, it is estimated we should have this report before the end of the year.

Interim Pricing: A-180 onward

The current Interim pricing and prior approval given by the BC FIRB Chicken Sector Pricing Panel is set to end at the end of A-179, specifically the amendment to add 50% of costs above the guardrails. The Chicken Board has shared a letter with PPAC for consultation and is seeking feedback on continuing the current interim formula. Deadline for receiving written feedback from PPAC is November 1st. The Board will be deliberating at their regularly scheduled Board meeting on November 8th and may submit a request to the BC FIRB Panel on the interim formula following this meeting. Price setting for A-180 will occur on December 15th, 2022, with the start of the period on December 18th, 2022.

Thanks,

Woody Siemens B.Sc, MBA, P.Ag, CSCP

Executive Director



BC Chicken Marketing Board

Bcchicken.ca

Office: 778-600-0221

Cell: 604-768-6121



From: [Woody Siemens](#)
To: [FIRB AFF:EX](#)
Cc: [Wendy Holm](#); [Harvey](#)
Bcc: [Christine Rickson](#)
Subject: Update on Long-term Pricing Status & Project Manager
Date: Tuesday, October 11, 2022 8:56:00 AM
Attachments: [image001.jpg](#)
[image006.png](#)
[image007.png](#)

Hello FIRB Pricing Panel,

See below for an update on the long-term Chicken pricing process and the status of a Project Manager. This update will be provided to the PPAC as well.

Project Manager

The Board has been in continued discussions around potential for Project Managers to fill the void left by the previous Project Managers resignation. Ultimately, the Board evaluated candidates on their ability and willingness to manage the project, understand the scope, and ensure continuity of progress. The Board discussed the project manager appointment through the SAFETI lens and felt the decision was in the best interest to move the project forward in a timely fashion.

Therefore, the appointment of [Harvey Sasaki](#) will ensure a project manager can begin quickly and has a broad understanding of the challenges, impacts, and stakeholders involved. Harvey Sasaki will remain as Chair of the BCCMB but reclude himself from decisions specific to the long-term pricing formula for the remainder of his term as Chair. B. Vanderspek (Vice-Chair) will assume the position of Chair for this portion of Board meetings when necessary. By selecting Harvey Sasaki, the Board has confirmed continuity and stability in the progress of the long-term pricing formula with an upcoming change of Chair position in late December.

Additional 3rd party review of Serecon Data Collection

MNP will perform the duty of an additional 3rd party review of the data collection done by Serecon. The additional 3rd party review is targeted to begin in mid to late December.

Interim Pricing

The current Interim pricing and prior approval given by the BC FIRB Chicken Sector Pricing Panel is set to end at the end of A-179, specifically the amendment to add 50% of costs above the guardrails. The Chicken Board will be consulting with the PPAC on the interim formula beyond A-179 shortly. Any potential change would begin in A-180 which begins December 18.

Thanks,

Woody Siemens B.Sc, MBA, P.Ag, CSCP
Executive Director



BC Chicken Marketing Board

Bcchicken.ca

Office: 778-600-0221

Cell: 604-768-6121



From: [Woody Siemens](#)
To: [FIRB AFF:EX](#)
Cc: [Wendy Holm](#); [Harvey](#)
Subject: Update on Long-term Pricing Status
Date: Wednesday, September 14, 2022 4:33:00 PM
Attachments: [image001.jpg](#)
[2022-08-22 Cost Recovery Model Committee - TOR.pdf](#)
[image006.png](#)
[image007.png](#)

Hello FIRB Pricing Panel,

See below for a short update on the long-term pricing process. This update will also be provided to the PPAC for information.

CRMC Terms of Reference

The terms of Reference are attached for the Cost Recovery Model Committee. The supervisory review ToR is attached afterwards as the Board recognises it is still working under the Supervisory Review. A next meeting will be scheduled shortly.

Project Manager

After the resignation of the previous Project Manager, the role has not been rehired for yet. The BCCMB has had ongoing dialogue with BCFIRB Pricing Panel on this position, as well as with potential candidates. The BCCMB's Executive Director is filling the role in the interim.

Serecon Data Collection

Following last months CRMC meeting, Serecon has now worked on their data collection template and process. Chicken Board staff provided important farm information and demographics, and Serecon has now randomly selected a group of growers and has begun reaching out to collect grower data. All selected growers would now have received confirmation they were selected. The BCCMB has booked office space within our building to be 'homebase' for Serecon to meet with growers in their data collection process over the next month. Serecon has advised they can likely have their finalised report by early December. Data collection will include regional stratification, which means inclusion of Vancouver Island and Interior growers.

The Board has committed to include an additional 3rd party reviewer to the long-term pricing process. A firm has been contacted at the recommendation of the CRMC but they have not yet committed. I expect to learn more soon.

If you have any questions, feel free to reach out.

Thanks,

Woody Siemens B.Sc, MBA, P.Ag, CSCP
Executive Director



BC Chicken Marketing Board

Bcchicken.ca

Office: 778-600-0221

Cell: 604-768-6121





August 22, 2022

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

**RE: BCFIRB INITIAL EXPECTATIONS AND DIRECTIONS - BC CHICKEN MARKETING BOARD
(CHICKEN BOARD) LONG TERM FORMULA DEVELOPMENT PROCESS**

Dear Mr. Donkers,

Thank you again for the meeting between the BC Chicken Marketing Board (Chicken Board) and the BC Farm Industry Review Board (BCFIRB) Chicken Sector Pricing Review Panel (The Panel) on August 3rd, 2022, as well as the follow up letters of August 8th, 2022 and August 18, 2022.

The Chicken Board is encouraged that the BC FIRB supports *in principle* the development of the Grower Cost Recovery Model. As stated in your letter of August 18, 2022 the letter and direction of August 3, 2022 had unintended consequences. This is to confirm that on August 9th, the Project Manager (Randy Williamson) hired by the Chicken Board to manage the Grower Cost Recovery Model development and the Grower Cost Recovery Model Committee resigned.

While the reasons below are paraphrased, the discussion on the resignation were as follows:

- In the Project Manager's experience, the appointment of the Liaison as a non-voting member to the Cost Recovery Model Committee with essentially the same job description as the Project Manager, is not a workable solution. This was viewed as an overlap of his role and leads to a perception of two 'dual project managers' or 'two Chairs' of the committee.
- The letter of August 8th did not eliminate the option for the Panel to institute a parallel process involving an independent third party 'taking into consideration the level of genuine effort from all parties'. This further deteriorated the motivation for parties that feel aggrieved by the Chicken Board's long term pricing decision to participate in the ongoing development and there would be little desire to continue in the Project Manager position.
- The continuation of the refusal of PPPABC Representatives or processor owners to meet independently with the Project Manager did not change as a result of the August 8th letter. The Project Manager felt this was vital to understand the processor concerns and requested this from the Board at the outset of the hiring process.

The Board appreciates the clarity of your August 18, 2022 letter to empower and reinforce the Chicken Board's pricing authority and the need for all stakeholders to engage with the Chicken Board in our process.



In consideration of comments made at the August 3rd meeting around processor trust and an ability to bring processors to the table, the Chicken Board sees a possible solution by further leveraging Wendy Holm. Therefore, the Chicken Board respectfully requests Wendy Holm to be relieved of the Review Liaison role and take on the capacity of Project Manager reporting directly to the BC Chicken Marketing Board. The Board recognizes the value and need for a 3rd party Project Manager with strong leadership abilities. The Board took the time to conduct an extensive search for a Project Manager with supply management background/experience. The Board has concluded however that any potential independent 3rd party Project Manager will likely interpret the current direction in the same manner as Mr. Williamson and as such see little alternative hires at this time.

In the interim, until a Project Manager is appointed, the Cost Recovery Model Committee will be led by the Chicken Board Executive Director, Woody Siemens. The Chicken Board remains committed to the process as previously outlined and will continue to invite and encourage all stakeholder groups into the consultation process.

Understanding this may be an unexpected request, the Chicken Board would ask for a meeting with the Panel for fulsome discussion before any decision is reached on this approach.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Harvey Sasaki
Chair

memo

Randy Williamson

To: Woody Siemens
From: Randy Williamson
CC: Recipient names
Date: July 7, 2022
Re: Meeting July 5, 2022

SUBJECT; First Meeting with Serecon – July 5, 2022 at 1:30 pm.

Meeting was conducted via Teleconference at BCCMB offices in Abbotsford.

Agenda;

1. Introductions and Backgrounds.
 - a. General Introductions of participants; Randy Williamson, Woody Siemens, Bob Burden, Harvey Bradford.
2. Overall Objective
 - a. RWW and WS communicated to Bob Burden and Harvey Bradford;
 - i. the importance of meeting a timeline of November 15, 2022 at the latest.
 - ii. The need for RWW, WS, and Serecon to work in concert to deliver a Grower cost Recovery Model that has been,
 1. Sourced from data that is relevant from a geographic, demographic and financial basis including on the basis of farm size. This may involve the use of a model farm for specific cost components eg. labour, land, building size etc.
 2. Has been reviewed, scrutinized and challenged by the Cost Recovery Model committee (CRMC)
 3. Is defensible relative to **any** further review, including the planned 3rd Party Review stated in the RFP
3. Key Areas of discussion
 - a. Deliverables, timelines, committee involvement and control
 - i. While we will continue to focus on the deadline for completion of November 15, 2022, the fact that progress has been stalled by Processors being unable to meet prior to their previously scheduled

meeting with the FIRB on July 26, 2022 will make meeting the timeline a challenge at the outset. Given the first meeting will not occur until after the July 26 Processor/FIRB meeting, we will target early August as a first meeting – August 2,3,4 Woody to choose and send meeting invite. This in turn suggests first contact with chosen farms will be in the last week of August. (ie. After review and acceptance to move forward in the CRMC meeting by committee members.)

- ii. Deliverables as stated in section 2a ii above.
 - iii. Committee Involvement/control - Bob Burden outlined some past involvement with projects such as this – ie. the BCCMB Grower Cost Component Project, indicating some of the hurdles and pitfalls to be encountered along the way. Our subsequent open discussion focused on the need to listen to the committee, to be open minded, and to provide as much information, feedback and support to any issues brought forward by the committee as is reasonable in pursuit of the best result. But in any case- to move the project along in a timely manner if there is no further advantage in prolonging a discussion.
 - iv. WS has begun the process of identifying farms to be contacted to participate in the survey, who will in turn receive a letter from WS requesting/requiring their participation. We discussed the desire to have face to face contact with Serecon and the farm reps as well as the transfer - digitally - of the required financial information. There is a concern related to the current AI issue that this may not be an appropriate approach. Further discussion required.
4. Communication
- a. RW will Chair the CRMC meetings, RW,WS and Serecon will work in concert to provide information, support and issue resolution to the committee.
 - b. An early discussion will be to solicit from the meeting participants – recommendations for a 3rd party reviewer. RW/WS will put forward MNP and KPMG as candidates
5. Billing – Bob Burden will provide an overview of the manner in which Project billing will occur as well as an estimate of the range of Project costs.

Randy Williamson

July 7, 2022



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