



New Challenges in a Rapidly Changing Marketplace

COGA

October 26, 2012

British Columbia
Farm Industry
Review Board





Challenges abound for today's agribusiness leaders

- What is a “social license”
- Who are my stakeholders, and
- What are the public's expectations

How do I act and how do I respond to these questions?

anti farming “demarketing” programs and Social Networks

Facebook, Twitter and You Tube
using Twitter,

→ PETA have 8x following increase in
last 3 years

in the 1990’s we were “**a society
of organizations**”, today we a
society of “**social net works**”

→ “animal welfare”

... The caged egg hen issue today
has expanded from state issues to
national issues

→ “the under 30’s”

HSUS, Egg Industry Agree to Promote Federal Standards for Hens

Historic agreement sets new way forward; suspends
ballot measures in Washington, Oregon



[Read More](#)

The Humane Society of the United States and the United Egg Producers announce an unprecedented agreement to work together toward the enactment of comprehensive new federal legislation for all 280 million hens involved in U.S. egg production. The proposed standards advocated by UEP and HSUS, if enacted, would define the first federal law addressing the treatment of animals on farms.

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Farm families are being “de-linked” from food



What Is the Social License?

- The Social License has been defined as existing when a project has the ongoing approval within the local community and other stakeholders, ongoing approval or broad social acceptance and, most frequently, as ongoing acceptance.

Leadership Initiative

Principles-based Regulation driving:

- Regulated marketing system with effective self governance
- A principles-based, outcomes-oriented approach to regulation
- Effective and fair prevention and resolution of disputes

Baseline Tool

- Accountability Framework and Guiding Principles (SAFETI)

Assessment and Accountability

- Report progress (indicators, survey, assessment, reporting)

Safe Guarding Your Social Licence

The view from BCFIRB:

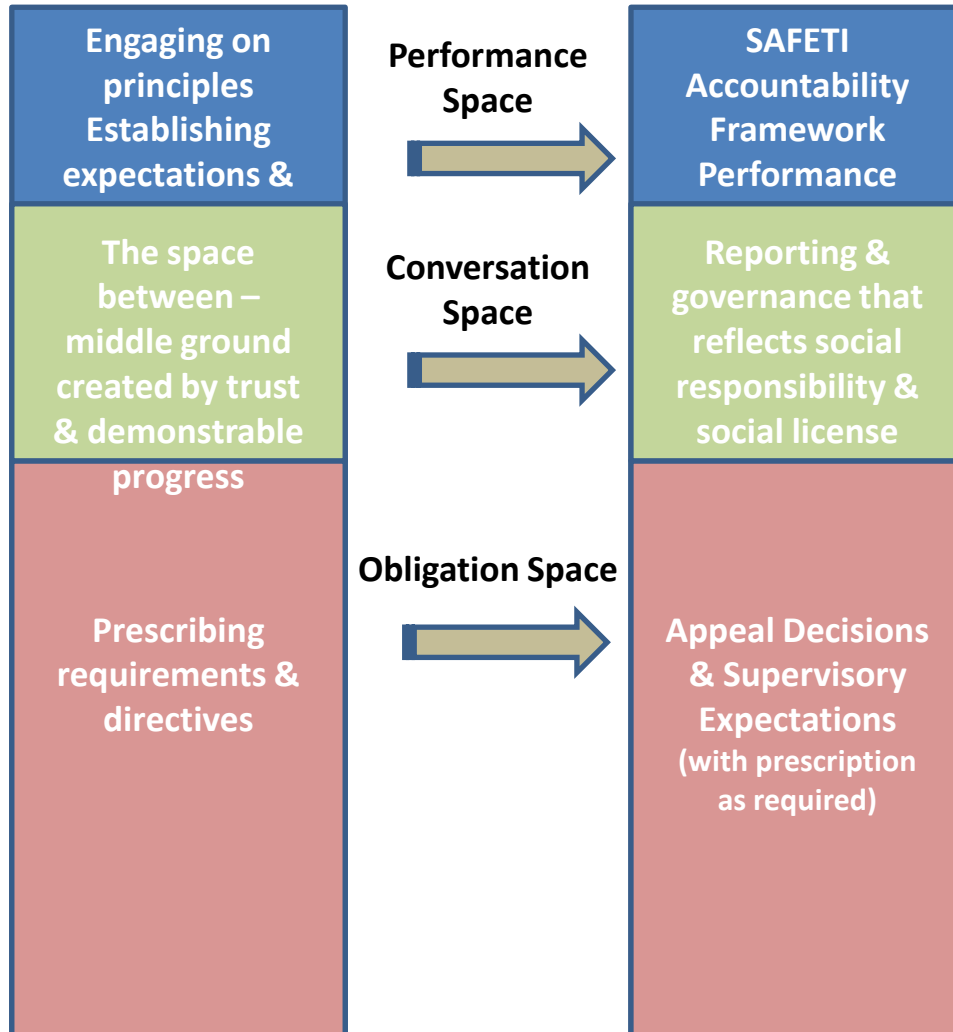
1. Many issues stem from governance issues – not strictly organizational governance but an unclear understanding of authority, accountability and responsibility.
 - This is why we developed the accountability framework
2. Progress in agriculture comes with internal and external confidence in our governance, our practices, and our processes.

This is why we advocate for principles-based regulation and the application of a SAFETI lens to the business of the sector

Gaining the Social License



Principles-based regulation



Experience from Britain's
Financial Services Authority¹

*'Principles-based regulation means placing **greater reliance on principles and outcome-focused, high level rules** as a means to drive at the regulatory aims we want to achieve, and less reliance on prescriptive rules.'*

*'...enhancing our risk-based and evidence-based approach to regulation with an **increased emphasis on principles and outcomes...**'*

'Past experience suggests to us that prescriptive standards have been unable to prevent misconduct.'

*'Principles-based regulation means moving **away from dictating through detailed, prescriptive rules and supervisory actions on how firms should operate their business**'.*

BCFIRB Higher-level Principles

Term		Definition
S A F E T Y	Strategic	<i>Identify key opportunities and systemic challenges, and plan for actions to effectively manage risks and take advantage of future opportunities.</i>
	Accountable	<i>Maintain legitimacy and integrity through understanding and discharging responsibilities and reporting performance.</i>
	Fair	<i>Ensure procedural fairness in processes and decision-making.</i>
	Effective	<i>A clearly defined outcome with appropriate processes and measures.</i>
	Transparent	<i>Ensure that processes, practices, procedures & reporting on exercise of mandate are open, accessible and fully informed.</i>
	Inclusive	<i>Ensure that appropriate interests, including the public interest, are considered.</i>

Sticker Shock – food costs rising...

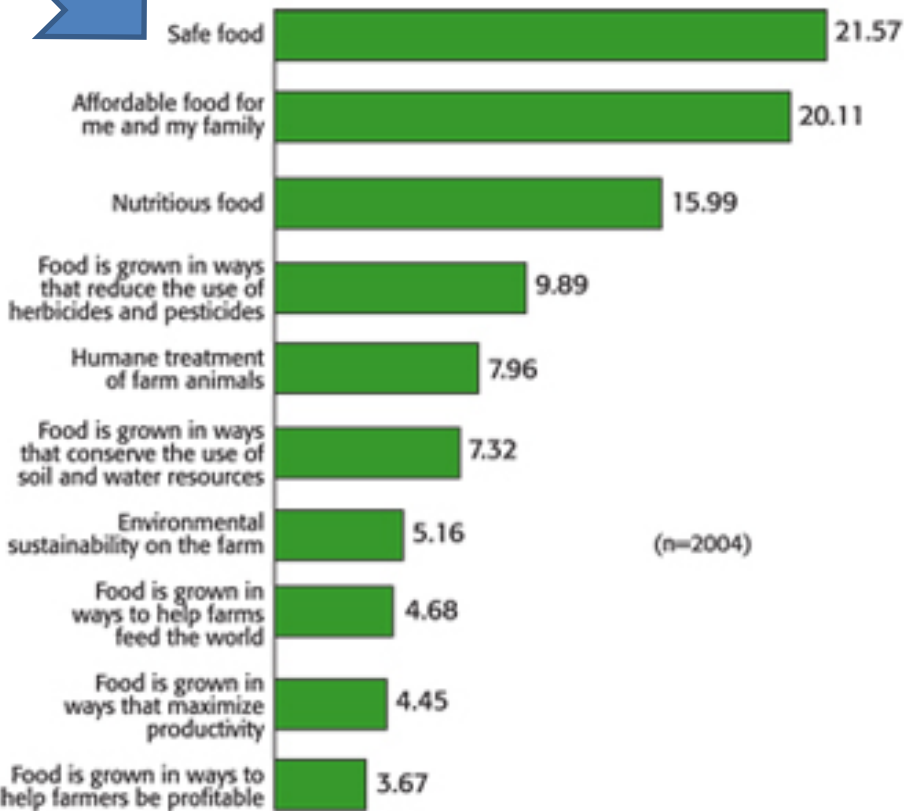
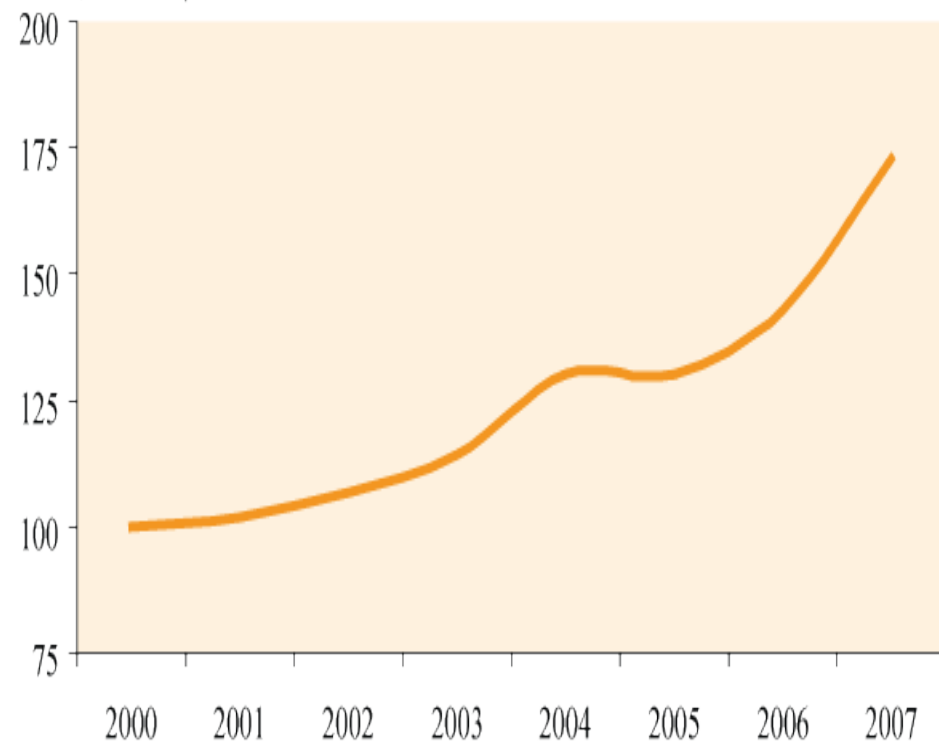


Figure 1: Priority Goals Driving Consumer Food Choices

Overall food prices (US\$) up 75 percent since 2000

Index, nominal price index US\$



Source: World Bank, DECPCG



Accountability Framework - Social License & Goodwill



Buying U.S. eggs costs B.C. economy \$3.1 million a year: marketing board

BY ELAINE O'CONNOR, THE PROVINCE SEPTEMBER 19, 2012

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STORY PHOTOS (2)



A full-size replica of a fire truck was built from 20,000 B.C. egg cartons to dramatize cross-border shopping concerns of the B.C. Egg Marketing Board. Photo submitted by Jeremy Lin
Photograph by: Jeremy Lin / 22 Jeremy Lin / http://www.jerem

Cross-border grocery shoppers looking for deals on staples should have egg on their faces, because they are costing the B.C. economy money.

That's the message from the B.C. Egg Marketing Board, which estimates at least two million U.S. egg cartons — some 24 million eggs — enter the

MORE ON THIS STORY

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- B.C.'s cross-border shoppers embrace new rules boosting tax-free limits
- B.C. retailers say

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THE VANCOUVER SUN

NEWS OPINION BUSINESS SPORTS ENTERTAINMENT LIFE HEALTH TECHNOLOGY TRAVEL

Cayo: B.C. egg monopoly's 'eggonomics' is cracked

Cross-border shopping isn't the problem for B.C. egg farms, the problem is the cost of their eggs

BY DON CAYO, VANCOUVER SUN SEPTEMBER 19, 2012

He estimates the value of the province's total egg market to be \$100 million, and the sales lost to U.S. retailers at \$7.4 million.

Now let me do some math of my own. That \$100 million consumers still spend in B.C. buys about 36 million dozen eggs. If we're paying a premium of \$1.10 to \$1.20 a dozen for the privilege of buying in-province, this eats up \$40 million we could otherwise spend on other things.

What if a real economist looking at the whole picture — not an "eggonomist" looking out for egg industry interests — were to analyze the adverse economic effect of taking this much money out of broader circulation? I think the finding would be that the egg monopoly in B.C. hurts our economy much more than cross-border shopping for this one fairly minor item.

Of course, cross-border shoppers buy a great deal more than eggs in the U.S., and their collective actions do hurt the B.C. economy.

But if the province's egg producers are unsatisfied with their sales, they should be dealing with their own high prices, not asking hard-pressed consumers to pass up a good deal when they see one.

Read more:
<http://www.vancouversun.com/Cayo+monopoly+eggonomics+cracked/7268687/story.html#ixzz277huEQXP>

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- The Social License has been defined as existing when a project has the ongoing approval within the local community and other stakeholders, ongoing approval or broad social acceptance and, most frequently, as ongoing acceptance.
- It is **dynamic and non-permanent** because beliefs, opinions and perceptions are subject to change as new information is acquired. **Hence the Social License has to be earned and then maintained.**
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The End

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