



July 31, 2019

File: 44200-20 CMB BHEC

DELIVERED BY E-MAIL

Jim Collins
Chair
BC Broiler Hatching Egg Commission

Dear Mr. Collins:

BC BROILER HATCHING EGG COMMISSION LINKAGE EXIT NOTICE – LOOKING FORWARD

I write in follow-up to the recent series of correspondence related to the BC Chicken Board (Chicken Board) and BC Broiler Hatching Egg Commission (Commission) price linkage agreement:

- April 18, 2019 Commission Notice to Industry re: price linkage issues and options.
- April 29, 2019 Commission to Chicken Board re: notice of price linkage withdrawal by A-158 (August 4, 2019).
- June 28, 2019 BCFIRB to Commission and Chicken Board re: Commission and linkage exit notice.
- July 11, 2019 Chicken Board and Commission to BCFIRB re: proposed plan to review all pricing-related matters.
- July 29, 2019 BCFIRB to Commission and Chicken Board re: need to discuss proposed plan to review all pricing-related matters.

As reflected in BCFIRB's June 28, 2019 letter, the price linkage agreement has played an important role in the stability of BC's chicken supply chain, and that any questions as to whether the linkage remains sound marketing policy are a significant policy consideration that requires more than a two period exit notice to answer. The July 11 letter from the Commission and Chicken Board reflects a common position that there are a number of significant outstanding pricing-related matters throughout the supply chain, including the linkage, that need to be addressed; and, that a more fulsome review under BCFIRB's supervisory authorities is proposed, with the goal of having recommendations to BCFIRB no later than November 4, 2019. In their The July 11 letter the Commission and Chicken Board also committed to the continued pricing through the price linkage formula as BCFIRB prior approval had not been received. The proposed broader supervisory pricing review was addressed in BCFIRB's July 29, 2019 letter.

**British Columbia
Farm Industry Review Board**

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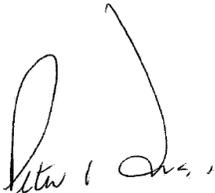
Should the Commission pursue exiting the price linkage agreement, BCFIRB would expect to receive a submission from the Commission with an evidence-based SAFETI¹ rationale setting out why the exit would be in the best interest of the hatching egg sector and the overall chicken supply chain (sound marketing policy). For transparency, BCFIRB asks that any potential submission from the Commission to BCFIRB be shared with the chicken supply chain stakeholders, including the Chicken Board.

I would like to clarify that BCFIRB is not bound to prior approve the Commission or the Chicken Board exiting the price linkage agreement as the prior approval is not a regulatory requirement. That said, BCFIRB remains responsible for ensuring sound marketing policy, including orderly marketing, under the *Natural Products Marketing (BC) Act*. With this in mind, BCFIRB asks that the Commission remain engaged with the price linkage agreement following any future exit submission to BCFIRB until such time as BCFIRB assesses the submission and provides its response.

BCFIRB acknowledges that there are immediate pricing pressures facing hatching egg producers that the Commission needs to address. As such, BCFIRB continues to ask the Commission and the Chicken Board to work together on a hatching egg producer price solution, interim if necessary. In the interests of industry stability, BCFIRB recommends the Commission and the Chicken Board agree to a timeframe to reach a solution, either interim or longer term, and communicate the timeframe to their stakeholders.

If you have any questions or would like to discuss further, please don't hesitate to contact me.

Yours truly,



Peter Donkers
Chair

cc: Harvey Sasaki, Chair
BC Chicken Marketing Board

Stephanie Nelson, Executive Director
BC Broiler Hatching Egg Commission

Primary Poultry Processors Association of BC

BC Egg Hatchery Association

BCFIRB web site

Bill Vanderspek, Executive Director
BC Chicken Marketing Board

BC Broiler Hatching Egg Producers Association

BC Chicken Growers Association

¹ Strategic Accountable Fair Effective Transparent Inclusive