



April 8, 2020

Peter Donkers, Chair
British Columbia Farm Industry Review Board
PO Box 9121 Stn Prov Govt
Victoria, BC
V8W 9B5

Dear Peter:

Re: Amended Order – Price Linkage Supervisory Review

This is to acknowledge receipt of your March 17, 2020 letter and March 27, 2020 emails on the status of the supervisory review and concerns about chicken sector pricing uncertainty in the short-term. As you note in your email, these are "extraordinary times" and the impact of COVID-19 on the BC chicken industry cannot be overstated. The operational demands on all chicken industry stakeholders, including the day-to-day management implications for the British Columbia Broiler Hatching Egg Commission (the "Commission") and the British Columbia Chicken Marketing Board (the "Chicken Board") and their staffs are impacting on available resources. Dealing with the COVID-19 crisis in all its aspects is our number one priority and both boards are working jointly and closely with their stakeholders in responding.

Nationally, drastic decreases in the food service sector are putting increasing downward pressure on the market for chicken (and consequently broiler hatching eggs). As you are aware, there are tensions between central and western Canada as to the extent that shift in the markets should be reflected in chicken allocations for A163 and A164 as directed by the Farm Products Council of Canada's April 6 decision to not prior approve the Chicken Farmers of Canada's (the "CFC") requested allocation for A163 and A164. The western provinces agree that a certain cutback in allocation is necessary, which will impact on all BC chicken sector stakeholders.

However, larger cutbacks are being suggested by central Canada, but are not yet supported by up-to-date market analysis. These would have an extremely adverse impact on BC processors to supply their markets, on growers to grow chicken for that market and hatcheries and hatching egg producers to supply chicks and eggs for that market. Next week's CFC allocation meeting is critical to all BC chicken sector stakeholders and all are working together in support of BC's interest.

Along with the allocation issue and its potential impact on BC, there is considerable pricing uncertainty across Canada and here in BC. All BC stakeholders are facing operational challenges and increased costs as they adapt to the reality of functioning in a COVID-19 environment. The Commission and the Chicken Board have been consulting with their stakeholders about pricing certainty in the short-term and are prepared to update the panel on those discussions and potential "interim" and longer-term options when our boards meet jointly with the supervisory panel. The boards have also put in place joint working groups and processes to coordinate and manage the regulatory response to COVID-19 issues, including pricing.

The boards remain committed to assessing longer-term pricing approaches as part of the larger Chicken Industry Strategic Framework; for which COVID-19 has underscored the need. COVID-19 has brought challenges, but it has also brought opportunities for the BC chicken sector to reposition the industry going forward.



The BC Farm Industry Review Board's ("BCFIRB") concerns about pricing uncertainty are completely understandable. We also agree that it is important to begin updating the supervisory panel on all the background and issues currently affecting pricing directly and indirectly. To that end, the Chicken Board and Commission respectfully suggest that the first such meeting be a joint presentation to the supervisory panel to brief the panel on:

- the range of COVID-19 related issues affecting the BC chicken sector and the context in which the boards are currently operating;
- a review of the current live price formula and how it functions;
- a review of the linkage formula and how it functions;
- the status, processes and potential timelines for the development of a new live price formula and approach to hatching egg pricing;
- consultation to date with stakeholders regarding possible interim pricing options;
- joint measures and processes put in place for the Commission and Chicken Board to communicate with stakeholders and address issues (including pricing) emerging during COVID-19;
- dates for follow up meetings; and
- other as may be identified by the panel or the boards.

The boards will be supported by Bob Burden in explaining the technical aspects of the current operation of the live price and linkage formulae. His presence to review the technical aspects of the formulae will also ensure that any questions arising from the panel can be answered directly.

Our current pre-occupation with addressing the national allocation issue preclude a meeting next week. Depending on the outcome of the allocation meeting and the ever changing COVID-19 management and response requirements, the boards suggest the joint meeting to be planned for the last week of April or first week of May. Staffs of our respective organizations can compare available dates for this initial meeting.

We will ensure BCFIRB is updated on developments as they occur and look forward to our discussions with the supervisory panel.

Yours truly,

A handwritten signature in black ink, appearing to read "Harvey Sasaki".

Harvey Sasaki
Chair

A handwritten signature in black ink, appearing to read "Jim Collins".

Jim Collins
Chair

c.c. Kirsten Pedersen, Dale Krahn, Blair Shier, Bryan Brandsma, Ryan Whitmore