



BC Farm Industry Review Board

June 1, 2021

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Delivered by email

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Dear all:

Chicken Sector Pricing Review Process

On May 21, 2021 the BC Farm Industry Review Board (BCFIRB) received further correspondence from the Primary Poultry Processors' Association (PPPABC). The letter reiterates PPPABC's concerns¹ that the BC Chicken Marketing Board (Chicken Board) and the BC Broiler Hatching Egg Commission (Commission) "...have failed to meaningfully consider, assess, and analyze the data and submissions from PPPABC and other stakeholders."

The panel expects other stakeholders have questions regarding the Chicken Board and the Commission draft pricing models distributed on May 6, 2021. As such, this letter is addressed to all pricing liaisons.

The Chicken Board and Commission October 28, 2020 Chicken Sector Pricing Review Terms of Reference (ToR - attached), finalized in consultation with stakeholders and approved by BCFIRB, establishes that the Chicken Board and Commission are responsible for consulting with stakeholders and making final pricing recommendations to BCFIRB.

In turn, the Chicken Board and Commission committed to the following goals/outcomes:

¹ PPPABC correspondence dated May 14, 2021; BCFIRB response dated May 19, 2021

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A long-term pricing approach for regulated products in the mainstream chicken and broiler hatching egg sectors in BC, including a decision on the appropriateness of a price linkage agreement between the two sectors that address the policy objectives of:

- Verified COP/reasonable returns-based pricing mechanisms for BC hatching egg producers and chicken growers.
- BC chicken processors being competitive in the Canadian market for chicken.
- BC hatcheries receiving a “reasonable” margin for hatching services.

The confirmation of a breeder chick pricing formula.

The confirmation of a breeder vaccination program pricing formula for hatcheries.

The panel expects the Chicken Board and Commission final recommendations will clearly show how all of the above ToR goals/outcomes are met, including how they have addressed and accounted for processor competitiveness in the Canadian market, hatcheries receiving a reasonable margin and verified cost of production/reasonable return-based pricing mechanisms for chicken growers and hatching egg producers. The panel expects both boards to address the issue of a price linkage agreement between the two sectors. Clear presentation of how all stakeholder input was managed and addressed, and the provision of a full SAFETI-based rationale is also expected.

All parties were copied on BCFIRB's May 19, 2021 response (attached) to PPPABC's earlier May 14, 2021 letter (attached) regarding the panel's expectations that all stakeholders discuss their issues and questions regarding the draft pricing models with the Chicken Board and the Commission in the first instance. The panel's position and expectations have not changed.

On behalf of the panel, I strongly continue to advise the PPPABC and all stakeholders to bring their questions and concerns directly to the Chicken Board and Commission for discussion and potential resolution (e.g. how the draft models address processor competitiveness and reasonable return for growers and hatching egg producers). Participation in the June 2, 2021 Roundtable, and all future roundtables, continue to be strongly encouraged.

Long-term pricing stability benefits the entire BC chicken sector. To reach this challenging goal, open, informed dialogue and analysis, drawing on multiple views and sources of information, is critical. Informed, well-considered recommendations by the Chicken Board and Commission will require thoughtful balancing of the interests of all, demonstrating how the key policy objectives stated above are being met, for the benefit of the entire chain.

I can confirm that myself and Wanda Gorsuch, Manager of Issues and Planning will attend the June 2, 2021 Roundtable as observers, in addition to the BCFIRB Liaison who is facilitating the Roundtable.

Regards,



Kirsten Pedersen
Executive Director

cc: Harvey Sasaki
Chair
BC Chicken Marketing Board

Jim Collins
Chair
BC Broiler Hatching Egg Commission

Blair Shier
President
Primary Poultry Processors' Association of British Columbia

Wendy Holm
BCFIRB Pricing Liaison

BCFIRB web site

Attachments:
Chicken Sector Pricing Review Terms of Reference
PPPABC's May 14, 2021 letter
BCFIRB's May 19, 2021 Letter