

Joint Letter to the BCFIRB Chicken Pricing Supervisory Review Panel

VIA EMAIL

Peter Donkers, Chair
BC Farm Industry Review Board

Dear Mr. Donkers,

This cover letter to our March 4, 2022, pricing submissions to the BC Farm Industry Review Board (BCFIRB) reflects the joint views of the BC Broiler Hatching Egg Commission (Hatching Egg Commission) and the BC Chicken Marketing Board (Chicken Board) as to the appropriate sound marketing policy for pricing in their respective sectors and the chicken industry more generally.

These decisions of the two first instance regulators with respect to pricing are critical to the future of the BC chicken industry and the Commission and the Board have approached those decisions accordingly. There has been extensive stakeholder consultation and engagement, within and without the Roundtable process, on pricing issues since the May 16, 2019, BCFIRB appeal decision. The submissions being made now follow intensive deliberations by and between the boards about that consultation and engagement and the best way forward for all industry stakeholders to have the pricing certainty and stability the industry needs in support of orderly marketing.

We continue to rely on our January 7, 2022, joint letter and its SAFETI analysis. That letter outlined the strategic approach being taken by the Chicken Board and the Hatching Egg Commission to pricing in the BC chicken industry. Resolving the pricing issue is an essential step toward addressing allocation, regulatory and policy issues which will sustain and protect the interests of BC as the third largest chicken and hatching egg producing province. To that end, and in addition to their conclusions with respect to sound marketing policy for pricing, the Hatching Egg Commission and the Chicken Board are entering into the attached Memorandum of Understanding to formalize the current working relationship into a framework for ongoing cooperation and coordination between the two regulators.

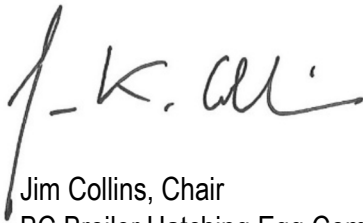
The Chicken Board supports the phased-in proposal of the Hatching Egg Commission to establish a cost of production formula for producers and, for the first time, incorporate the hatcheries into the pricing framework and take steps to mitigate the pricing impact on other stakeholders through the broiler chick (day-old) price. The Hatching Egg Commission supports both the Chicken Board's interim proposal and the development of a cost-based formula approach in the long-term. Through the Joint Committee and in consultation with stakeholders, the Hatching Egg Commission and the Chicken Board will ensure that the three cost-based approaches (for hatching egg producers, hatcheries, and growers) are compatible where appropriate and responsive to evidence of processor competitiveness.

Pricing is critical for all stakeholders. Even as stakeholders in the industry have often been in a crisis mode over COVID, heat domes and flooding – during which they worked together – pricing has continued to strain both stakeholder relationships and resources, without resolution. The Chicken Board and the Hatching Egg Commission today are jointly laying out an approach to pricing that provides a foundation for achieving that resolution. A resolution that is in keeping with the intent of the supervisory Terms of

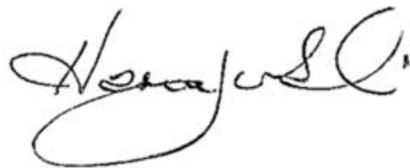
Reference by bringing certainty and stability and involving all stakeholders in a structured cost and evidence-based approach to pricing in the BC chicken industry.

The Hatching Egg Commission and the Chicken Board respectfully request that BCFIRB authorize the two first instance regulators of the BC hatching egg and chicken sectors to implement their respective sound marketing policy approaches to pricing. This will enable the two boards to continue to work together and with all stakeholders in finalizing the new overall pricing framework and to re-engage with those stakeholders in the Chicken Industry Strategic Framework initiative in support of the larger interests of the BC.

Yours truly,



Jim Collins, Chair
BC Broiler Hatching Egg Commission



Harvey Sasaki, Chair
BC Chicken Marketing Board