



June 2, 2023

To: Industry Stakeholders

JUNE 2, 2023 UPDATE ON LONG TERM CHICKEN SECTOR PRICING

The British Columbia Chicken Marketing Board (BCCMB) continues to be governed by the joint BCCMB/British Columbia Broiler Hatching Egg Commission (BCBHEC) Long Term Chicken Sector Pricing Review Process Terms of Reference (Joint TOR) issued on October 28, 2020, with the approval of the BC Farm Industry Review Board (BCFIRB).

The Joint TOR require the BCCMB and the BCBHEC to fulfill the following Goals/Outcomes:

- *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.*

Update on the Joint Working Group (JWG) Meetings

The JWG has committed to weekly meetings starting in May, until the deadline set in the JWG terms of Reference of June 15, 2023. In order to do appropriate due diligence, the committee, and agreed to by the Board, has extended this timeline of the JWG out to July 6th, 2023. The extension is granted to the JWG due to aligning the availability of consultants. Each JWG meeting will be followed by a meeting of the Board, in order to make decisions or provide swift feedback to the committee. The meetings are scheduled as follows:

- April 18, 2023 - First JWG (and BCCMB) meeting
- May 1, 2023 – “COP 101 with Serecon”
- May 10, 2023 – Additional 3rd party review with MNP and Serecon
- May 17, 2023 – Continuation of additional 3rd party review with MNP and Action plan development
- May 24, 2023 – Line by line articulation and discussion with Serecon
- May 30, 2023 – Further discussion on grower efficiencies, processor competitiveness and other industry factors



- June 6, 2023 – This meeting has been cancelled due to availability of consultants and readiness of data.
- June 15, 2023 – Further review of line-item formulation, and further review of additional 3rd party review.
- July 6, 2023 – final meeting of the JWG, final review and recommendations to the Board.

Additional third-party review (MNP)

The Board contracted MNP to perform an additional 3rd party review of the COP methodology performed by Serecon. MNP's written report was submitted, and MNP met to discuss questions with the JWG on May 10th and May 17th. As well, Serecon provided a response and discussion at the May 10th JWG meeting. The Board and JWG await a final conclusion from MNP & Serecon's final rebuttal as the result of the ongoing dialogue.

While the Board maintains an aggressive timeline for the JWG, due to the constraints and availability of consultants, the previous goal of a final draft decision by June 30th is delayed. The Board expects the JWG to finish work on July 6th, and the Board to have a draft decision for industry consultation by late July. The PPAC and the broader industry will have an opportunity for feedback prior to submitting a final decision to the BC FIRB by the end of August. The revised tentative dates can be summarized below:

- July 6 – conclusion of the JWG
- July 30 – Board draft decision for feedback to industry
- July 30 to mid-August - Feedback sought from PPAC and broader industry.
- August 30 – Final decision submitted to BCFIRB.

We remain encouraged by recent discussions and look forward to a conclusion and stable and sustainable pricing framework in the BC chicken industry.

Yours truly,

Kevin Klippenstein
Chair
BC Chicken Marketing Board