



March 31, 2023

To: Industry Stakeholders

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.*

Earlier this year, the BCCMB assessed its progress in meeting the objectives for long-term grower pricing and assessing processor competitiveness. It concluded that the BCCMB must engage more directly in the process and interface with all stakeholders. As a first step it reached out to the PPPABC to re-establish a constructive dialogue with the major processors.

On February 21, 2023, the BCCMB issued an update to industry stakeholders reflecting this new approach. Additionally, the BCCMB moved to re-structure the Cost Recovery Model Committee (CRMC) into the Joint Working Group (JWG) with a new TOR. These new TOR are to support the JWG in engaging on and resolving outstanding issues and enabling the BCCMB to work with all stakeholders in finalizing this important initiative.

A draft of the new TOR was circulated to stakeholders. Comments were received from the PPPABC, BCCGA and BCFIRB. At its March 29, 2023, board meeting, the BCCMB finalized the new TOR, incorporating the work of the CRMC to date but also providing an expanded forum in which stakeholders can engage directly on pricing issues. As specified in its February 21, 2023, letter, the BCCMB's objectives are a verified cost of production with a reasonable return for efficient growers along with evidence-based indicators to gauge processor competitiveness. It is



critical for the JWG to identify and discuss all the issues important to stakeholders in support of these objectives.

Meeting Updates

The following meetings have been scheduled over the last two months:

- BCCMB met with PPPABC on February 6, 2023
- BCCMB met with PPPABC on February 22, 2023
- BCCMB met with PPPABC on February 23, 2023
- BCCMB met with BCCGA on March 1, 2023
- CRMC met on March 6, 2023
- First JWG (and BCCMB) meeting on April 18, 2023.

Given the current timeline, the BCCMB is prepared to support the JWG in terms of meetings, resources and other assistance as needed over the next three months.

Data Collection and additional third-party review

Serecon completed its data collection and initial review with the formerly named CRMC. MNP had performed an initial 3rd party review of the methodology, which was reviewed by the formerly named-CRMC on March 6th. We expect to get the final report from MNP on the additional 3rd party review within the next few days.

As noted in its February 21, 2023, letter, the BCCMB is tasked with “meeting the Joint TOR requirements for growers and processors as part of the larger Goals/Outcomes for pricing in the overall BC chicken industry.” The BCCMB’s new approach to fulfill this task is proactively engaging and working with the JWG and stakeholders in addressing the pricing issues that are important to all.

Yours truly,

Kevin Klippenstein
Chair
BC Chicken Marketing Board