

December 23, 2020

VIA EMAIL

BC Broiler Hatching Egg Producers & Other Stakeholders

Dear Stakeholders,

RE: Cost of Production Pricing and Stakeholder Feedback Information Process

The following is provided in support of the Supervisory Review of hatching egg sector and chicken sector pricing being conducted by the BC Farm Industry Review Board (BCFIRB). The BC Broiler Hatching Egg Commission is statutorily responsible for two initiatives as part of this process: developing a Cost of Production (COP) formula for BC hatching egg producers; and finalizing the hatchery margin and breeder chick/vaccine pricing formulae. The latter has been addressed separately, this letter concerns the development of the COP.

As communicated previously, the Commission's position is that given the nature of their sector, which COVID-19 continues to illustrate, a new, full, and defensible COP formula is necessary. It will also serve to determine a "reasonable return" for BC hatching egg producers. In support of this initiative, the Commission has engaged Bob Burden of Serecon to develop a COP based on the existing Alberta model, which is also in development for Saskatchewan. Attached is a recently updated COP survey conducted by Serecon that is being provided to stakeholders for their comments.

The overall timeline for the Review process is laid out in the 'Components and Engagement Table' published on the Pricing website at <https://bcchickensectorpricingreview.com/>. Given recent COVID-related developments, that overall timeline may change but for purposes of the COP review at this stage, the following timeline applies:

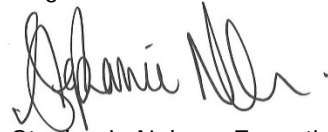
- January 6, 2021 – the Commission intends to include third-party verification of the Serecon report in its process. **If any stakeholder wishes in the alternative to engage their own third-party verification, they are to advise the Commission by this date.** This will allow for an appropriate third party to be engaged and commence receiving information.
- January 18, 2021 – all initial comments and feedback from stakeholders, including the Commission Pricing and Production Advisory Committee, to be received by the Commission.
- Late-January 2021 (date TBD once overall Roundtable schedule revised) – COP Roundtable to discuss the report, stakeholder submissions and Commission responses, following which this latest information will also be provided to the third-party as part of its verification process.

- not later than February 15, 2021 – third-party verification completed and posted.

The Commission will be coordinating with the Chicken Board and Wendy Holm about timing and further steps as part of the overall review. As noted in the Components and Engagement Table and highlighted above, it is “a living document” and dates are subject to change.

The Commission looks forward to receiving your comments on the new COP for BC hatching egg producers.

Regards,



Stephanie Nelson, Executive Director
BC Broiler Hatching Egg Commission

Attachment

cc: BC Farm Industry Review Board
Wendy Holm, Supervisory Review Liaison
Harvey Sasaki, BC Chicken Marketing Board
Bill Vanderspek, BC Chicken Marketing Board
Ryan Whitmore, BC Egg Hatchery Association
Bryan Brandsma, BC Hatching Egg Producers' Association
Dale Krahn, BC Growers' Association
Jennifer Curtis, BC Growers' Association
Blair Shier, Primary Poultry Processors Association of BC
Craig Evans, Primary Poultry Processors Association of BC
Commission website