



June 23, 2021

BC Chicken Marketing Board
220-1848 McCallum Rd,
Abbotsford, BC. V2S 0H9

Dear Mr. Vanderspek:

Re: Pricing and Linkage Recommendations

Rosstown Natural Foods does not support the implementation of assurance of supply (AOS) which we believe the proposed 13-period moratorium on grower sign up represents. This 13 period moratorium, which has been outlined in the Pricing and Linkage recommendation by the BCCMB, will have a significant impact on small processors and their ability to remain competitive in the marketplace.

During our last round table, the BCCMB explained that the implementation was to protect the processor from not shorting contracts. There has been no evidence presented to support the claim that processors have been shorting contracts as a result of the removal of AOS several years ago. The fact is that for Rosstown it would be the complete opposite. If the BCCMB implements a new AOS/moratorium we would be unable to support our customers market share growth, in niche markets, without impacting or losing other customers.

Rosstown Natural Foods is part of the smaller processing group. Our primary business is supplying niche products to the organic, RWA and conventional product space. Our market share in these categories continues to grow but at very small percentages compared to the overall industry.

During the COVID19 pandemic despite the cutbacks in allocations and loss of food service business we have increased our market share in these niche markets. We currently do not have enough production available to support the return of our previous food service market share when it comes back online. Over the last couple of periods, we have lost a significant portion of our non-owned production to the larger processors.

While the larger processors may be in support of AOS they continue to sign growers from our supply group. Rosstown accepts growers have different reasons for leaving a processor, but Rosstown continues to find replacement production that is aligned with our long-term strategic goals. Under the proposed AOS this can not occur.

If one of the objectives of the BCCMB is to assure emerging markets are being fulfilled, would the BCCMB consider allowing grower movement but with some conditions attached? This will allow for growth where it is needed while protecting processors from significant loss in a single period. One of the ways that the BCCMB might do this successfully could be to only allow a percentage of movement away from one processor in any given period. Eliminating complete movement will have a significant negative impact to Rosstown.



The second reason shared by the BCCMB for the AOS implementation was their intent to control or remove premiums that are currently paid by processors to their growers. What the BCCMB has failed to do is provide any proof that the current premium structure is problematic to the overall market.

Rosstown offers premiums, but we are asking growers for things that other larger processor may not ask for due to our size and plant capacity restrictions. One of the main reasons is our need to split flocks over multiple days and often over a two week period due to plant limitations. Another critical reason relates to our niche products, we offer premiums to help cover the cost of some of the third-party audits that we require at the farm level. Despite changes that the BCCMB plans to implement we do not believe we will ever be able to eliminate premiums based on our business model and the unique asks we have of growers.

In conclusion we do not support the implementation of AOS and or a 13 period moratorium. This proposal will have a significant negative impact on our future business. We do not believe that this proposal addresses the key issue at hand which relates to ensuring reasonable returns for growers.

Yours very truly,

Rosstown Natural Foods Ltd.

A handwritten signature in black ink, appearing to read "Dion Wiebe", with a stylized flourish at the end.

Dion Wiebe
President/CEO