



January 26, 2018

To: B.C. Broiler Hatching Egg Producers and Other Stakeholders

RE: PRICING OF B.C. BROILER HATCHING EGGS

On November 24 and December 15, 2017, I wrote to you about the increasing concerns of the BC Broiler Hatching Egg Commission about the downward trend in pricing because of live pricing off Ontario. In Period A-147 cost recovery was at 93.18% and the linkage-based result for Period A-148 continues that trend down to 91.78% cost recovery. I cannot stress enough how serious Commission members and staff have taken this issue due to the negative impact it has on hatching egg producers. I will also be frank in saying that there has been some very intense debate by board members about the options and the best way to position hatching eggs with respect to pricing in the future.

As outlined at the Commission's January 16, 2018 meeting with producers, we continue to examine many pricing-related matters:

- Further Serecon analysis of current COP/linkage formulas
- Broiler Live Price review (May 2018)
- Fowl Price
- Chicken Grower premiums
- Hatching margin
- Input costs
- Live Pricing/Hatching Egg pricing in other Western provinces
- Linkage review with BC Chicken Marketing Board (February 2019)
- COP review with Chicken Board (February 2019)
- Utilization (and impact on pricing input calculations).

The Commission still does not yet have all the evidence needed to defend a different price that would break the pricing linkage with the BC Chicken Marketing Board. The linkage has been in place for over twenty years and was established by a BC Farm Industry Review Board direction (with related changes by Government to our respective schemes). Consequently, the Commission recognized that the negative impact of rejecting the linkage price for Period A-148 outweighed the short-term benefit of a different price. On what basis could a different price for A-148 be established and what would be the potential consequences to other stakeholders, including relationships, were part of the consideration. We do not need, for example, hatching egg producers and chicken growers at odds over pricing that is causing issues for both groups. (The Chicken Board has already decided to accept the live price formula pricing for A-148.)



The Commission and the Chicken Board – as co-regulators of the B.C. chicken sector whose pricing decisions affect each other regardless of a linkage – must partner in addressing pricing and related issues on a priority basis. While recognizing the increasing competitiveness of the national chicken market and how that affects other stakeholders, both boards still have a responsibility to support a sustainable production sector in B.C.

The Commission remains “committed to work with all stakeholders in a comprehensive, strategic approach to pricing in the B.C. chicken sector.” We are going to continue to actively pursue options and keep you informed of developments.

Yours truly,

A handwritten signature in black ink that reads "J. K. Collins".

Jim Collins, Chair
BC Broiler Hatching Egg Commission