



BC Chicken Growers'
ASSOCIATION

January 18, 2021

BY EMAIL

Stephanie Nelson, Executive Director
BC Broiler Hatching Egg Commission

Dear Stephanie,

RE: Cost of Production Pricing and Stakeholder Feedback Information Process

This letter is in response to the BC Broiler Hatching Egg Commission's (BCBHEC) December 23rd, 2020 letter and the Serecon Cost of Production (COP) formula for BC hatching egg producers.

The BC broiler hatching egg producers are faced with similar issues as the BC chicken growers. The current chicken live pricing structures are unsustainable for the chicken industry. Our members require a healthy industry with BC chicken growers and broiler hatching egg producers receiving a sound return while processors remain competitive. All stake holders need to be fiscally healthy for the BC chicken industry to remain viable.

At the present time, BC live chicken prices are significantly below our members' actual Cost of Production ("COP"). While the processors have historically discounted the value of the Serecon COP, we believe it is a fair representation of the actual costs our members incur to grow chicken.

The BC Chicken Growers' Association (BCCGA) believes a COP based price model is the best long-term solution. The BCCGA would support a COP based pricing model for both the BC broiler hatching egg producers and BC chicken growers, if both were to move simultaneously to a COP based pricing model. If both the hatching egg producers and chicken growers moved to the COP pricing model, it would not require the processor confidential information, which is proving difficult to get and verify. However, we cannot support the hatching egg producers moving to the COP pricing model on their own, without the chicken growers, as this could potentially further erode our chicken growers' margins.

For years now, the BC processors have claimed that they are unable to pay a full COP, yet they are purchasing BC chicken farms and using their profits to invest in processing facilities in other provinces. The BCCGA believes that the under payment of the cost of production and the high retail prices compared to Ontario (which in turn assumes higher wholesale prices) provide BC processors with abundant returns for their products that enabled them to make these investments.

These funds should stay in BC and be used to reinvest in aging BC chicken growing facilities. This would improve the viability of the BC chicken family-owned farms and support a healthy and sustainable BC Chicken Industry in the future, that will enhance the BC economy.

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At this time, the BCBHEC, the BC Chicken Marketing Board and the BC Farm Industry Review Board need to be reminded that if chicken growers and hatching egg producers do not receive a viable COP for their products, the BC chicken industry will cease to exist as it is today and will likely be comprised of a majority of corporate farms owned by processors.

Thank you for your attention to this matter.

Sincerely,



Dale Krahn
President
BC Chicken Growers' Association

cc. Harvey Sasaki, Chair, BC Chicken Marketing Board
Jim Collins, Chair, BC Broiler Hatching Egg Commission
Wendy Holmes. BCFIRB Liaison