



BC Chicken Growers'
ASSOCIATION

February 19, 2021

DELIVERED VIA EMAIL

Mr. Jim Collins, Chair
BC Broiler Hatching Egg Commission
#210 – 1848 Mc Callum Road
Abbotsford, BC V2S 0H9

Dear Mr. Collins,

RE: HATCHERY MARGIN, BREEDER CHICK and VACCINE PRICING PRESENTATION

The BC Chicken Growers' Association (BCCGA) is writing regarding the Hatching Egg Margin, Breeder Chick and Vaccine presentation, by Joshua Crossett, during the February 3, 2021 Farm Industry Review Board Round Table Meeting. To better comprehend the hatching egg margin, breeder chick, and vaccine proposal, the BCCGA has the following questions and comments:

Regarding the Hatchery Margin:

- What is the actual hatchery margin as a percentile?
- How was the current hatchery margin of \$0.1894 derived?
- What is the rationale for the hatchery margin at the \$0.1894 level?
- What cost factors determined the proposed 9.2% increase to the current margin?
- What supporting documentation was used to justify a margin increase?

The processors have stated that they would support the proposed hatchery margin increase. This was not unexpected, as the processors own these hatcheries. However, processors have repeatedly said an increase in live price from broilers would result in BC processors not being competitive with other provinces. These two statements are contradictory. Choosing when to support or not support a live price increase solidifies the need for verifiable data from the processors and their hatcheries.

If the cost of production pricing is achieved for both breeders and broilers, the need for this verifiable data, to support processors' and hatcheries' claims, would be eliminated.

Regarding the Breeder Chick Price:

- How was the 20% margin justified?
- Is the 20% margin reasonable?

If a reasonable rationale for the 20% margin is not provided, a reduction of this margin should be made.

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Regarding the Vaccine Price:

The BCCGA supports evening out the costs and charges to breeder growers from the various hatcheries to create an equal playing field.

Regarding Quality:

The quality of the product supplied by the hatcheries is an item that has been overlooked. The breeder producers are required to supply a quality usable product and are paid on saleable chick numbers rather than eggs delivered. The broiler growers are required to supply a quality usable product and are paid on payable weight (shipped weight minus condemn weight). The BCCGA believes that hatcheries should also be paid based on supplying a quality useable product. As an example, if chick mortality is above a certain percentage on day 1 and on day 7, the customer (the broiler growers) should not have to pay for the chick mortality above that percentage. Quality and pricing go hand in hand; they are not separate issues.

Thank you for your attention to this matter. I look forward to your reply.

Sincerely,



Dale Krahn, President
BC Chicken Growers' Association

cc. Harvey Sasaki, Chair, BC Chicken Marketing Board
Wendy Holm, Farm Industry Review Board Liaison

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