



Sound Marketing Policy for BC Chicken Growers

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The supply management system requires all three pillars that work together to limit imports, establish price, and set and manage quota function. For a sound marketing policy, the establishment of pricing must have a live pricing structure that ensures farmers receive a fair income.

The current and past chicken live pricing structures have been and continue to be unsustainable for the BC Chicken Industry. This has been confirmed by qualified industry analysts. Our members require a healthy industry with BC chicken growers and broiler hatching egg producers receiving a sound return while processors remain competitive.

The reality is that for several years depreciation has and continues to fund chicken farm operations and it is very difficult for BC chicken growers to re-invest in their farm business and the industry.

Strategic Long-term Value:

The Long-Term Chicken Sector Pricing Review Process - Terms of Reference, stated that the BC Chicken Marketing Board (BCCMB) and the BC Broiler Hatching Egg Commission (BCBHEC) are reviewing their regulated pricing structures with the goal of making changes.

The BCCMB and the BCBHEC are working together to develop a strategic framework for the British Columbia chicken industry. Apart from identifying potential key issues and priorities, the framework is intended to support growth and sustainability. The BC broiler hatching egg producers and chicken growers face similar issues and both require a sound return while processors remain competitive.

The recent hatching egg COP, completed by Serecon with third-party verification, provides a unique opportunity for the BCCMB to work collaboratively with the BCBHEC to simultaneously implement a COP based pricing model for both the hatching egg producers and chicken growers. The BCBHEC is further ahead in this process, however the BCCMB could assume efficiencies by following BCBHEC's lead, specifically, by using the Serecon COP model for broiler chickens, which is current and available. We see an opportunity for the BCCMB to move to a BC COP based price model, as we believe this is the best long-term solution to establish the live price for broiler chicken.

BC broiler chicken is priced separately from volume/allocation and is not buffered by volume amounts. Therefore, a long-term live price requires a strong basis that is transparent, stable, and not subject to high volatility. The COP pricing model is consistent with this and does not require the processors' confidential information (costs and revenues) that is difficult to obtain and verify.

Accountability:

The Serecon COP based Model is based on sound valuation principles, it is replicable and subject to review by stakeholders. It represents the true cost of production for producing chicken in BC.

Effectiveness:

The COP is a robust concept. It is stable as many of the costs are fixed. It is relevant, meaningful and reflects the actual production costs for broiler chicken. Additionally, the COP can be used as a mechanism to encourage improved efficiency and collaboration within a COP pricing environment. Continuous validation of a BC Serecon COP will ensure that BC Chicken Growers receive a fair return, and they are able to re-invest in their farms and plan for succession.

Respectfully submitted on behalf of the BC Chicken Growers' Association,



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President
BC Chicken Growers' Association