



BC Broiler Hatching Egg Producers' Association
PO Box 191
Abbotsford, BC V4X 3R2

June 10, 2021

SENT VIA EMAIL

BC Broiler Hatching Egg Commission Board
#210-1848 McCallum Road
Abbotsford, BC V2S 0H9

Attention: Stephanie

RE: PRICING LETTER ADDITIONS

Dear Stephanie,

We would like to thank the BC Broiler Hatching Egg Commission (Commission) and the BC Chicken Marketing Board (BCCMB) for the work they have done on the pricing review. The scope of the review included defining reasonable returns to the Chicken growers and Hatching Egg (HE) producers.

In the case of the Commission, we feel that the use of Serecon to interview producers and audit their farms gave a clear picture to the other stakeholders as to the real costs involved in producing hatching eggs. This process was then third party audited by MNP to confirm that the COP is fully transparent and defensible.

One of the key components of supply management is a fair return for the efficient farmer. Hatcheries and processors have a large impact on the efficiency of a HE producer. A good example of this is that for a few years now there has been a major discrepancy between the two breeds of birds available to the industry. Hatcheries, at the request of the processors, assign either a Ross or a Cobb bird to a HE producer with no input from the farmer. Over time the genetics of the birds change, and in this case, Cobb changed their bird to produce more breast meat. The result of this change was disappointing for HE producers. The new Cobb bird requires the same amount of care, water, and feed as other birds, but could not lay enough hatching eggs for the producers to be profitable or efficient compared to the farmers growing Ross. Most farmers would not choose to grow Cobb at this time, if given a choice. The reason some producers do is because the hatchery that the farmer is assigned to, requires the Cobb broiler for certain markets. The BCBHEPA recommends the Commission to have some mechanisms in place that can mitigate such scenarios in which certain producers are placed in a situation they cannot remedy and cannot be efficient. Processors need to be aware that choosing a certain bird for their market can have a negative or positive



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impact on the efficiency of HE producers. If processors choose a breed of bird that can seriously affect the efficiency and profitability of a producer, the affected producers should expect a premium paid on each saleable chick.

Changing the hatchery margin to COLA (Cost of Living Allowance) and moving away from an uncontrollable margin gives stability to producers and hatcheries going forward.

The BCBHEPA is concerned that the 1% maximum mortality in the 1st week in the broiler barn will result in an increase in the already increasing cull rate of hatched broiler chicks. We have seen an increase already in culled chicks due to broiler growers raising their birds without antibiotics. Some systems need to be put in place to find the reasons why a broiler farm has an increase in a first week mortality.

In regard to a breeder vaccination program pricing formulas for hatcheries, the hatching egg sector welcomes a program that is consistent and fair. HE producers are assigned a designated hatchery to ship all their hatching eggs to. The vaccine regime is put in place by the hatcheries to benefit the HE producer, hatcheries, broiler growers and processors. This cost is passed down to the HE producers. In the current system the vaccine regime is different between hatcheries. This has led to a reality where some producers have for years borne higher vaccine costs than other producers. The vaccine pricing formula is an equitable and fair improvement for the whole industry.

The Association members involved in the pricing review were not privy to the in-camera meeting dealing with processor competitiveness. The BCBHEPA is frustrated by the processors, asking if the Commission and the BCCMB are aware of the impact of the proposed changes in the COPF.

The BCBHEPA does not know how much information was given to the Commission and BCCMB during the in-camera meetings, but it seems not enough. It is difficult to access the competitive impact of an increase of the live-weight price of chicken in isolation of all pertinent information. The processors do compete with each other for market share and are willing to pay broiler growers extra in bonuses, if they will ship their broiler birds to them. It is also true that processors benefit from being involved in a supply managed system and they are able to market chicken across Canada with little competition from other countries.

The BCBHEPA is grateful for the opportunity given to us to participate in the Pricing Review.

Sincerely,

Art de Ruiten, Chair
BC Broiler Hatching Egg Producers' Association

cc: Bill Vanderspek, BC Chicken Marketing Board
cc: Wendy Holm, Farm Industry Review Board