



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

June 12, 2020

SENT VIA EMAIL

Mr. Peter Donkers, Chair
Farm Industry Review Board
780 Blanshard Street
Victoria, BC V8W 2H1

RE: BCBHEPA PRICING

Thank you for the opportunity to provide input into the supervisory review process. The BC Broiler Hatching Egg Producers' Association would like to include its input on a number of the issues surrounding pricing.

The fact that so many parties are unhappy with the current pricing situation goes to show that the current pricing mechanism based on an Ontario live price is flawed. For a BC product, a BC approach to pricing is needed

For the past seven years, hatching egg producers have been running their businesses at well below their COP. Obviously, basing our price off of Ontario, coupled with discrepancies in the linkage, exposed that the current pricing scheme is not sustainable for hatching egg producers. The recent decision by the BCBHEC to remove fowl and small egg revenue from the linkage was a necessary step to remedy a linkage discrepancy, (being the premiums paid out to chicken growers by processors) and begin the process of raising hatching egg producer returns to a sustainable level. While a reduction in kill age, incorporated into the linkage, has increased the price for saleable chick, it is not as beneficial as some parties may be quick to point out. Because of the heavy (and drastically increasing) up-front costs associated with Hatching egg production, producers become far more efficient the longer they are able to keep their flocks in production. Triggering that mechanism in the linkage only helps compensate for returns lost.



Further to this, having our “apples” price set on an “oranges” model (Ontario), coupled with fluctuating kill ages due to over production and volatility in market demand, has made it very difficult for hatching egg producers to develop any sort of farm plan regarding reinvesting in infrastructure based on expected returns.

Being dependent on Ontario pricing has discouraged producers for some time now. We have many times discuss the option with our board and PPAC regarding a BC pricing approach. It is time that option is explored further.

For many years now hatching egg producers, and the BCBHEC have been reticent to exit the linkage, due to the fact that it has up until this point served our industry well, but also for fear of consistent appeals by PPPABC AND BCCGA against “x” price set by the BCBHEC under the authority given them. Unfortunately, after so many years of running under our COP, we feel now is the time to change the pricing mechanism. We have confidence that the BCBHEC is able to, and will set a fair and transparent price based on our COP, incorporating the extraordinary costs we face in British Columbia and western Canada.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Brandsma", written in a cursive style.

Bryan Brandsma, President
BC Broiler Hatching Egg Producers' Association