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# **BC Farm Industry Review Board**

## **CHICKEN SECTOR PRICING SUPERVISORY REVIEW**

### **MEETING ON CHICKEN PRICING – SUMMARY**

#### **BC Chicken Growers' Association (BCCGA) and BCFIRB Supervisory Panel**

*Held: May 28, 2020*

#### **Attendees**

**BCCGA:** Dale Krahn, President; Fred Redekop, Vice President; Brad Driediger, Director; Jennifer Curtis, Association Manager; Paul D. McLean, Legal Counsel to BCCGA

**BCFIRB:** Peter Donkers, Panel Chair; Al Sakalauskas, Member; Harveen Thauli, Member; Kirsten Pedersen, Executive Director; Wanda Gorsuch, Manager.

#### **Purpose**

To discuss:

- What are the long-term pricing barriers and considerations?
- What changes or timelines the supervisory panel should consider to help ensure interim pricing stability?

#### **Opening Panel Comments**

The panel supports BCFIRB's March 2016 position that: pricing must be consistent, predictable, and transparent, and results in reasonable return for producers and allow processors to be competitive.

At a minimum, the panel will be assessing and making decisions as it determines appropriate on the following matters:

- The Broiler Hatching Egg Commission (Commission) price linkage exit notice;
- BC Chicken Marketing Board (Chicken Board) timeline for finalizing a long-term pricing formula;
- BCCGA and the Primary Poultry Processors of BC (PPPABC) issues with the Commission decision to change some of the price linkage inputs.
- Ensuring interim pricing stability while work continues on the longer-term pricing questions.



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### Discussion of Key Questions/Topics

The following themes, opinions and positions arose out of an open conversation:

#### *Long-term pricing*

- Trust between sector stakeholders is a required element for a functioning value chain.
- One-on-one daily operation relationships are generally good in the chicken sector.
- Relationship tensions increase when pricing/money is a factor and discussions move from the individual level to the organizational level.
- Continued lack of processor data is a significant barrier to reaching a long-term pricing solution.
- Composition of the Chicken Board and continued delay in decision making contributes to pricing tensions.
- Processor direct control of chicken quota (approximately 20-25% in BC) and resulting knowledge of grower costs and margins leads to information and power inequity.
- Resolution will require concessions by all parties.
- Until receipt of recent PPPABC correspondence it appeared progress was being made by the Price Working Group on reaching a long-term pricing formula.
- BCCGA would consider a parity indexing approach to pricing if it was profitable for growers and processors.
- The BCCGA position at this time:
  - The Chicken Board needs to make a long-term pricing decision no later than October 2020. Barring this occurring, BCFIRB should decide.
  - The BCCGA supports a COP based pricing model if both the hatching eggs and boilers growers moved to a COP based pricing model. These must go hand in hand.

#### *Interim pricing*

- The BCCGA position at this time:
  - With COVID-related impacts on growers (production decreases, processor removal of grower retention payments) and Commission removal of spent fowl and salvage egg revenue from the linkage COP calculations there is insufficient interim pricing stability.
  - Interim stability would be achieved if the Commission returns spent fowl and salvage egg revenues to the linkage COP calculations.



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## **BC Farm Industry Review Board**

### **Next Steps**

The BCCGA will provide the panel with a written submission on its pricing consideration, its views on what role BCFIRB should take in resolving the chicken sector pricing questions, and any other matters it considers are relevant.

The panel will seek BCCGA input on the upcoming draft Review Terms of Reference.