



May 22, 2020

Dale Krahn
President
BC Chicken Growers' Association
PO Box 581
Abbotsford, BC V2T 6Z8

Dear Mr. Krahn:

DECISION CONCERNING REDUCTION IN KILL AGE AND PRICING FOR PERIOD A-163 – STATUS OF REVENUE STREAMS

The BC Broiler Hatching Egg Commission has reviewed and discussed your May 20, 2020 letter concerning the status of spent fowl and salvage egg revenue streams in the BC broiler hatching egg linkage cost of production (COP).

Firstly, the basic premise of the letter is flawed. Hatching egg producers and chicken growers continue to be treated equally by not including revenue streams in their respective linkage COPs. Both their revenue streams are currently negatively impacted. As noted in its decision of May 12, 2020, the Commission is not seeking to incorporate the current financial impact on hatching egg producers' revenue streams into the linkage COP. It is the Commission's view that the regulatory solution to the chicken growers' own revenue stream issue also lies outside the linkage.

Secondly, the letter does not acknowledge that in addition to being the sole beneficiary of premiums, chicken growers also benefitted historically from hatching egg revenue streams offsetting the hatching egg linkage COP. Chicken growers have objected to the removal of revenue streams from the hatching egg linkage COP but, from 2013 until your letter of May 6, 2020, were opposed to premiums being a factor in the chicken grower linkage COP. The reason for that change of position seems obvious.

Thirdly, the letter does not address a fundamental problem. Premiums do not provide regulatory transparency. This starts in Ontario with premiums paid there resulting in the real price being higher than the Ontario posted price upon which the BC live price is based. Until recently premiums paid to BC chicken growers by processors hid the actual price for chicken in BC and distorted the linkage. As indicated in its May 12, 2020 decision, the Commission believes that the pricing of regulated products should in fact be regulated.

BC Broiler Hatching Egg Commission

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Fourthly, the Commission agrees that although sometimes necessary, a “piecemeal approach” to pricing is not the preferred approach. It has certainly highlighted the impediments to the Commission operating within the current linkage framework. This is a reason why the Commission will soon be tabling its proposals for transitioning to new hatching egg COP, hatchery margin, breeder chick pricing and vaccine pricing formulae.

Finally, the Commission is on record that a new approach to pricing here in BC, in the west and nationally is overdue. Although Ontario will remain a major consideration, the BC industry continues to simply react to what that province does, or does not do, with respect to pricing instead of examining alternatives that could provide long-term pricing stability and certainty here in BC. The Commission remains committed to working with all stakeholders in establishing a Chicken Industry Strategic Framework in support of a successful, sustainable future for the BC chicken industry.

Yours truly,

A handwritten signature in black ink, appearing to read "J. K. Collins".

Jim Collins
Chair

cc: Bryan Brandsma, President
BC Broiler Hatching Egg Producers' Association

Ryan Whitmore, President
BC Egg Hatchery Association

Peter Donkers, Chair
BC Farm Industry Review Board

Harvey Sasaki, Chair
BC Chicken Marketing Board

Blair Shier, President
Primary Poultry Processors Association of BC

Stephanie Nelson, Executive Director
BC Broiler Hatching Egg Commission

Bill Vanderspek, Executive Director
BC Chicken Marketing Board