

British Columbia Egg Hatchery Association

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May 26, 2020

BC Farm Industry Review Board
PO Box 9129 Stn Prov Govt
Victoria BC
V8W 9B5

Via email: firb@gov.bc.ca

Attention: Mr. Peter Donkers, Chair

Dear Peter:

Re: Chicken Sector Pricing Supervisory Review – Pricing Consultation Invitation

We are in receipt of the above letter dated May 12, 2020 and while we were not specifically addressed on the letter, believe we can provide a hatchery perspective on interim chicken pricing stability and longer-term considerations. We do not require a meeting with the supervisory panel and have summarized our concerns and position below.

- Our hatcheries have not had an increase in their cost of service (“hatchery margin”) in well over 5 years and during this time, hatchery operating costs have increased significantly. This is also despite the fact that we have written numerous letters over the years and even provided the Boards with confidential information to support our claims but this was to no avail.
- Under the current live price formula, any increase in hatchery costs flows through the formula and 75% of the increase goes into live price (paid by the processors) and the balance absorbed by the hatcheries.
- The recent changes imposed the BC Broiler Hatching Egg Commission to reduce kill age and remove fowl revenue from the egg price formula have benefited producers but done nothing for the hatcheries.
- Ontario does a live price cost of production that includes a margin for the hatcheries. By using the Ontario live price as a baseline for the BC live price (plus feed / chick differentials) those hatchery margins are being incorporated into the BC price but flowing to the breeder and broiler growers and not the hatchery.

It is our position that the changes imposed by the BCBHEC on kill age and fowl revenue be rescinded until a longer-term pricing formula can be established. Further to this any longer-term pricing formula needs to recognize current hatchery operating costs and provide for reasonable and sustainable hatchery margins with hatchery margins included in live price flowing to the hatcheries.

If necessary, I can make myself available to discuss further at your convenience.

Sincerely,

Ryan Whitmore

Ryan Whitmore, President
BC Egg Hatchery Association

cc. Jim Collins – BCBHEC
Stephanie Nelson - BCBHEC
Harvey Sasaki – BCCMB
Bill Vanderspek - BCCMB
Blair Shier – PPPABC
Craig Evans - PPPABC