



BC Chicken Growers'
ASSOCIATION

July 15, 2021

BY EMAIL

Kirsten Pedersen,
Executive Director
BC Farm Industry Review Board (BCFIRB)

Dear Kirsten,

RE: INDUSTRY STABILITY AND CURRENT PRICING STRUCTURES

We write in response to your letter of July 8, 2021, which concerns an appeal from the Primary Processors' Association of BC (PPPABC) in which they allege, as they have consistently for years, that the BC chicken sector once again faces instability due to the current pricing structure.

The BC Chicken Growers' Association (BCCGA) asserts that the current pricing structure does not create instability in the BC Chicken Industry. Specifically, the implementation of the new Ontario Cost of Production Formula (COPF) does not significantly alter the BC processors' competitiveness relative to other provinces, as all live prices in Canada have gone up accordingly.

As a starting point, a review of the recent posted base weight category live prices of BC with five other provinces (Alberta, Saskatchewan, Manitoba, Ontario, and Quebec) demonstrates that, while live price differentials between BC and other provinces may fluctuate, there have been no glaring anomalies. In fact, the differentials in production periods A-169 and A-170, which were after the introduction of the new Ontario COPF, track very close to A-165 and A-166. This pricing comparison is reflected on the enclosed spreadsheet.

Second, the attached July 7, 2021, Chicken Farmer of Canada (CFC) - Canadian Wholesale Prices Report shows that wholesale prices are at record high levels and have been steadily climbing for most of 2021. At the same time, Canadian chicken storage stocks have been decreasing. This is not an indication of industry instability. A copy of this information is enclosed.

Third, the attached July 4, 2021, CPEPC Gross Margin Composite Report shows that the gross processor margins are at favourable levels to the processors. For the majority of 2021, they have been tracking with the 2016-2020 average. Our analysis indicates BC processors receive higher wholesale prices than their counterparts in Ontario. These publicly available processing numbers do not show any indication of industry instability. A copy of this information is enclosed.

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As the BCCGA has observed, for many years: if the processors want to seriously argue that pricing decisions have destabilized the BC industry (or otherwise made their continued operation untenable), they must provide actual evidence of the alleged impacts. For years, processors have challenged any pricing decision which results in a more favourable return to growers with hyperbole, not evidence. The evidence shows that the current pricing model has not had any material impact on the viability of the BC industry.

Finally, the BCCGA reiterates that BC growers need their full cost of production to be sustainable. The current pricing structure, with the changes to the Ontario COPF, helps, but we are not there yet.

Thank you for your attention to these matters.

Sincerely,



Dale Krahn, President,
BC Chicken Growers' Association

Cc Harvey Sasaki, Chair, BC Chicken Marketing Board
Jim Collins, Chair, BC Broiler Hatching Egg Commission
Paul McLean, Mathews Dinsdale LLP

Attachments:

Comparison of Posted Base Weight Live Chicken Pricing Across Provinces A-160 to A-170
CFC Wholesale Prices Report - July 7, 2021
Canadian Chicken Storage Stocks (Source: AAFC) - June 17, 2021
CPEPC Gross Margin Composite Report - July 4, 2021,

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