



June 29, 2020

To: All BC Hatcheries and Processors,

PRICING OF SPENT FOWL

Under the British Columbia Broiler Hatching Egg Scheme, regulated product “means a broiler hatching egg, a saleable chick or a broiler breeder”. Section 26 of the BC Broiler Hatching Egg Commission Consolidated Order governs the marketing of broiler breeder (fowl) flocks. Section 30 states that payment for fowl will be at the base price set out in Schedule 2 of the Consolidated Order.

On March 12, 2020, the Commission wrote in response to February 20, 2020 and February 28, 2020 letters from Pollon Express Ltd. and Sofina Foods Inc. respectively about fowl pricing. In that letter, the Commission requested further information regarding the issues raised by Pollon and Sofina in their correspondence. As a result of COVID-19 and the subsequent negative impact on chicken pricing, Pollon also requested a short-term adjustment of the fowl (hen) price from \$0.40 per kilogram live weight to \$0.20 per kilogram live weight.

After consultation with its Pricing and Production Advisory Committee (PPAC) and reviewing market composite data, by way of an April 17, 2020 letter, the Commission advised:

...that the price of fowl (hens) will be amended to \$0.20 per kilogram live weight on a temporary basis, effective immediately. Subject also to the Commission’s discretion, this price will remain in effect until the end of Period A163 (July 4, 2020), at which time it will revert to \$0.40 per kilogram live weight.

Subsequently, Pollon asked for a further one-period extension at \$0.20 per kilogram live weight, which was discussed at the June 25, 2020 meeting of the Commission’s PPAC. No consensus was reached at PPAC. Although understanding the market impact of COVID-19, PPAC producer representatives were reluctant to support an extension without further analysis by the Commission. Hatchery representatives supported an extension and solicited additional information from Pollon and Sofina that was submitted to the Commission on June 26, 2020.

The Commission continues to monitor the BC Chicken Marketing Board’s Market Composite Update and recognizes that marketing issues arising from COVID-19 still have a significant, negative impact on chicken pricing. Allocations by Chicken Farmers of Canada are still under normal levels with the food service market which spent fowl meat serves being a major factor in that downturn.

The Commission has not made any decision with respect to spent fowl pricing in the long-term. The Commission will need to further review that issue as part of its overall pricing strategy, with additional substantiation from the processors, as necessary.



However, following the PPAC meeting the Commission met on June 26, 2020, assessed the information available and determined that a further short-term extension was warranted. Accordingly, and subject to the Commission's discretion, the price of fowl (hens) will be remain at \$0.20 per kilogram live weight until the end of Period A-164 (August 30, 2020), at which time it will revert to \$0.40 per kilogram live weight.

The Commission continues to expect that the BC Egg Hatchery Association will continue working cooperatively in the management of both domestic and import production. This cooperation and timely, proactive forecasting continue to be important as the hatching egg sector manages through COVID-19.

Yours truly,

A handwritten signature in black ink that reads "Jim Collins". The signature is written in a cursive style with a large initial "J".

Jim Collins
Chair

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

Ryan Whitmore, President
BC Egg Hatchery Association

Harvey Sasaki, Chair
BC Chicken Marketing Board

Blair Shier, President
Primary Poultry Processors Association of BC

Kerry Towle, Vice President
Industry and Government Relations,
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Hatching Egg Producers

Commission Website