



September 24, 2024

Seeking Industry Feedback on the Removal of Catching Price from the Live Price of BC Chicken

Introduction

The BC Chicken Marketing Board (BC Chicken Board) is considering a policy change regarding the pricing of live chicken in British Columbia (BC). Currently, the catching costs are included in the live price of chicken in BC, as well as in the other three Western provinces—Alberta, Saskatchewan, and Manitoba. However, in November 2022 letters were sent to Western processors informing that a change has been decided upon by the three other Western provinces, where they have committed to removing the catching price from the live price effective February 9, 2025. The BC Chicken Board has agreed with this direction in principle and is now seeking feedback from industry stakeholders before making a final determination and request to BCFIRB.

Background and Rationale

In May 2018, the Canadian Poultry and Egg Processors Council (CPEPC) highlighted the confusion and discrepancies arising from the inclusion of catching costs in the live price in some provinces but not others. The inconsistency across provinces has led to challenges in making fair comparisons of live chicken prices nationwide. This issue was particularly pronounced in the Western provinces, where each province charged different amounts for catching, thus distorting price comparisons.

The BC Chicken Board, along with the other Western Provincial Boards, recognized that to provide a more transparent, credible, and defensible pricing methodology, it was essential to separate catching costs from the live price of chicken. By doing so, the provinces would ensure a more accurate and consistent comparison of live prices across Canada.

Additionally, the BC Chicken Board has had recent requests to change the catching cost within our live price. Limited verifiable or transparent data is provided by industry, and the BC Chicken Board has limited scope and jurisdiction over the cost associated with catching. Processors negotiate with, schedule, and pay catching subcontractors for the services provided. The majority, if not all, growers in BC have no authority over the catching crew as catching and live haul are contracted by the processor. For the BC Chicken Board to continue to set the price of a function within the industry without any defensible data is problematic.

Progression Towards Change

The issue of catching costs moved from provincial discussions to the Western Board table in 2019. Initial meetings between Western Boards and processors highlighted the processors' concerns and their initial resistance to removing catching costs from the live price. Further discussions continued over the following years between the Western Boards and processors.

In November 2022, the three other Western Provincial Boards provided formal notice of their intent to transfer the payment for catching costs from growers to processors, effective February 9, 2025. BC was not in a position to make a final decision at that time due to the ongoing BCFIRB (British Columbia Farm Industry Review Board) Supervisory Review. However, the BC Chicken Board expressed support for the initiative in principle.



With the completion of the BCFIRB's Long-Term Pricing Decision in May 2024, which directed the BC Chicken Board to implement its long-term pricing recommendations, BC is now positioned to align with the other Western provinces in removing catching costs from the live price. The proposed changes would occur February 9, 2025 (A-194).

Industry Feedback Request

The BC Chicken Board is now seeking feedback from industry stakeholders regarding the proposed removal of catching costs from the live price of chicken in BC. Feedback will be sought from the Pricing and Production Advisory Committee (PPAC) on September 24, 2024. The Board is aware that this decision may have implications for chicken growers, processors, as well as chicken catching companies. The feedback collected will be essential in determining the final approach and ensuring that the transition is smooth for all parties involved.

Considerations and Potential Impacts

1. **Price Comparability:** Removing catching costs from the live price will standardize the pricing structure across the Western provinces, allowing for more accurate comparisons of live chicken prices nationally.
2. **Financial Impact:** Growers will no longer be responsible for the catching costs, which will be transferred to processors. Currently, growers *pay* for catching but they are also *compensated* for catching within the live price at a rate of \$0.0485/kg, so there would be no net financial change to growers. Rather, the cost would be removed from the COP altogether. While we are open to hear the potential impacts to processors, the net live price should not change (i.e. currently processors pay a higher live price but catching is compensated by the grower, the change will lower the live price but eliminate compensation by the grower in equal proportion). The change could potentially also allow processors to more quickly negotiate catching rates because they will not need to involve the BC Chicken Board.

Of note, the current catching rate within the BC posted live price is 4.85 cents/kg. If approved, the posted live price would effectively decrease by 4.85 cents/kg and growers would no longer be deducted this amount from their processor's payment. Indeed, with this change, there will no longer be any catching costs charged (deducted) from a grower's payment. This change will make the COP simpler to understand and more transparent for all stakeholders. It should also be more efficient for processors, since they control, contract and pay for the catching services.

The BC Chicken Board is committed to making an informed decision that supports the long-term sustainability and competitiveness of BC's chicken industry. To this end, industry feedback is critical. The BC Chicken Board invites all stakeholders to provide their concerns, and suggestions regarding the proposed removal of catching costs from the live price, effective February 9, 2025 (A-194). Your input will play a vital role in shaping the future of live chicken pricing in BC. Please provide any written feedback to info@bcchicken.ca by **October 3, 2024**.