



MYTHBUSTING 101: Supply Management and Consumer Prices

March 3, 2017 Aline Porrior

Some commentators believe that supply management is a system that keeps dairy, poultry and egg retail prices artificially high. However, our mythbusting team is here to tell you that is a myth – supply management has nothing to do with the price you pay. Let's take a look at the facts:

The answer is simple: Prices are set by stores and restaurants based on a wide variety of factors such as local costs, local income, and local demographics. In addition, there are several steps between the farmer and the retailer: the processors, further processors, distributors, truckers, marketers and retailers, who all have to meet their margins. As you can see, there are many factors at play when it comes to the price of supply managed goods such as chicken.

In fact, chicken farmers **ONLY** receive \$1.56 per kg when the flock leaves the farm – no more, no less. This \$1.56 per kg is what we call the live price. It's not much and it mainly covers the cost of feed and chicks. Since 2011, the live price has been steadily declining by 2.4%.

To put it another way, the farmer's share of a restaurant plate is usually less than the tip you give the server. For example, a quarter chicken breast dinner at Swiss Chalet costs \$15.67. Of that cost, the farmer who grew your chicken would get \$1.01 – less than half what your server could reasonably expect to receive as a 15% tip, which would be \$2.35.

A similar story can be seen in stores. Comparison shopping has shown us that the price of chicken can vary from week to week, store to store, and even product to product. For example, in a recent study done in Ottawa, the price of a boneless, skinless chicken breast ranged from \$8.80 to \$26.43 per kg. In the same week, same city, same store yet different locations, the same product was found to have close to an \$18 difference. It is clear to see that price is not dictated by supply management, but by retailers. It's all about when and where you shop.

LET'S REVIEW THE FACTS:

- Supply management has nothing to do with the prices you pay for dairy, eggs and poultry products.
- Retailers and restaurateurs are the ones that set the prices you pay for your food.
- Producers only receive \$1.56 per live kg when the flock leaves the farm – no more, no less.
- Farmers receive a smaller percentage of the value of the meal than the server does.
- In stores, the price of chicken can vary from week to week, store to store and product to product. It's all about what, when and where you shop.

Supply management has nothing to do with consumer prices.

Want us to bust some other supply management myths? Send us your questions via twitter using the hashtag #IHeartChickenFarmers – stay tuned to see if your myth gets busted!