

**TAB 16**



FERENCE & COMPANY

## Comparison of Projected Allocation Growth Using Current Differential Growth Formula to Pro Rata Allocation

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**Report Prepared for:**

**British Columbia Chicken Marketing Board**

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**Submitted By:**

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## Executive Summary

### Purpose of Study

The purpose of the study is to compare future estimated volumes of allocation growth in BC using the current differential growth formula to that using pro-rata (i.e. BC share of the national base).

### Method of Study

The key steps that we have undertaken are to collect the most appropriate data to develop forecasts for each of the indicators used in the current differential growth formula. We then developed an Excel model to forecast estimated volumes of allocation growth in BC and other provinces using the current differential growth formula and another Excel model based on pro rata growth. Based on these models, we have compared future estimated volumes of allocation growth in BC using the current differential growth formula and that using pro-rata.

### Key Findings

Our key finding is that there does not exist a significant difference between the future estimated volumes of allocation growth in BC using the current differential growth formula to that using pro-rata (i.e. BC share of the national base). The following table provides a comparison of allocations projections for the next ten years for BC using the current differential growth formula and that use pro rata. During the ten year period from A-138 to A-209, total domestic allocation for BC is projected to be 1.894 billion kilograms which is about 5.8 million kilograms or 0.04% less than the allocation of 1,899 billion kilograms during this period based on pro-rata. During this ten year period, BC's share of the national allocation is projected to be 14.16% based on the current differential growth formula which is slightly less than BC share of 14.21% based on pro rata.

**Comparison of Allocation Projections for BC for the Period from A-138 to A-209**

Period	New Model (Current Differential Growth Formula)	Old Model (Pro Rata)	Change
Total domestic allocation from A-138 to A-209 (kilograms)	1,893,680,788	1,899,466,272	-5,785,484
BC share of national allocation during this period	14.1637%	14.2069%	-0.0432%

## I. Introduction

### A. Purpose of Study

The purpose of the study is to compare future estimated volumes of allocation growth in BC using the current differential growth formula to that using pro-rata (i.e. BC share of the national base).

### B. Method of Study

The key steps that we have undertaken are as follows:

**1. Conducted an analysis of the current differential growth formula to allocate chicken production in Canada.**

To do so, we have reviewed the Memorandum of Understanding for a long term chicken allocation agreement. We have also reviewed models developed by the Chicken Farmers of Canada based on the differential growth formula to determine allocation.

**2. Collected the most appropriate data to develop forecasts for each of the indicators used in the current differential growth formula.**

We first determined the most appropriate method of developing forecasts for each of the following indicators used in the current differential growth formula: Population Growth, Income-based Gross Domestic Product (GDP), Consumer Price Index (CPI), Farm Input Price Index (FIPI) – Commercial Feed, Quota Utilization, Further Processing, and Supply Share. For each of these indicators, we then collected the most appropriate data to develop forecasts for the next 10 years.

**3. Developed an Excel model to forecast estimated volumes of allocation growth in BC and other provinces using the current differential growth formula and another Excel model based on pro rata growth.**

**4. Compared future estimated volumes of allocation growth in BC using the current differential growth formula and that using pro-rata.**

### C. Report Outline

The next chapter describes the Excel model we have developed to develop allocation projections based on the current differential growth formula. Chapter 3 provides a comparison of future estimated volumes of allocation growth to BC using the current differential growth formula with that using pro rata.

## II. Allocation Projections Based on Differential Growth Formula

This chapter provides allocation projections based on an Excel model that we have constructed to develop forecast allocations for BC using the current differential growth formula.

### A. Description of Excel Model

The Excel model was designed to take into account all of the indicators employed in the current differential growth formula. The weighting included in the Excel model for each of these indicators is the same as that stipulated in the Memorandum of Understanding for a long term chicken allocation agreement which is as follows:

1. Provincial share of the national base allocation – 45%
2. Population growth – 7.5%
3. Income-based Gross Domestic Product (GDP) growth – 7.5%
4. Consumer Price Index (CPI) – 7.5%
5. Farm Input Price Index (FIPI) – 10%
6. Quota Utilization – 7.5%
7. Further Processing – 10%
8. Supply Share – 5%

The following paragraphs describe the sources of data and method used by the Excel model to forecast allocations for BC and other provinces for each of the indicators in the current differential growth formula.

#### **1. Provincial share of the national base allocation**

The Excel model assumes that BC's share of the national base remains at its current level which is 14.2069%. The model also assumes that the share of the national base of the other provinces remain at their current level for this indicator.

#### **2. Population growth**

To emulate the current differential growth formula, the population growth component of the Excel model uses the percentage changes in provincial population between the most recent available quarterly population estimate (Statistics Canada, CANSIM Table 051-0005, CANSIM Table 052-0005 and Quarterly Demographic Estimates 91-002-X) and the same quarter of the previous year. The provincial percentage growth rates are standardized by multiplying the qualifying provinces' percentage growth rate with the qualifying provinces' share of the sum of the qualifying provinces' population.

The source of data used for forecasting population growth in the Excel model is the population forecasts for each province in Canada published by Statistics Canada (i.e. Quarterly Population Estimates, Statistics Canada, CANSIM Tables 051-0005 and 052-0005) for the next 10 years. The high-growth (H) projection scenario prepared by Statistics Canada was selected for this indicator due to current government policies to increase immigration to Canada.

Because the Excel model and the current differential growth formula use the most recent available quarterly population estimate and the same quarter of the previous year, the model

contains up-to-date information and there does not exist much of a lag in the two models. Consequently, provinces with high population growth in recent years are not penalized due to a lag in the model.

### 3. **Income-based Gross Domestic Product (GDP) growth**

To emulate the current differential growth formula, the income-based GDP growth component of the Excel model uses the average annual growth in income-based GDP (Statistics Canada, CANSIM Table 384-0037) for the three most recent years for which data is available, and multiplies the three-year averages with the provincial shares of the national base allocation for the period being set to calculate the distribution factors for this component.

The source of data used for forecasting income-based GDP in the Excel model is the forecasts of income-based GDP published for each province by Statistics Canada (i.e. CANSIM Table 384-0037) for the next ten years.

Because the Excel model and the current differential growth formula use the three most recent years for which data is available, there is a lag in the impact on changing GDP growth rates. Consequently, for provinces such as BC where GDP growth rates have recently exceeded the Canadian rates, it will take a few years for this higher GDP growth rate in BC to translate into a higher allocation of chicken for BC.

The Statistics Canada income-based GDP forecasts used as the basis for the Excel model and the current differential growth formula may be conservative and understate growth in BC's income-based GDP. These projections indicate that BC's income-based GDP growth will be less than the average for Canada for the next ten years. In 2016, the Statistics Canada GDP projections are an increase of 2.89% in BC which is less than the projected GDP growth of 3.06% for Canada overall. However, both the Royal Bank of Canada and the Business Council of BC have recently forecasted that GDP growth rate will be 3.1% in BC in 2016 which is considerably higher than the Statistics Canada projection of 2.89% for BC in 2016. Furthermore, an August 2015 report by the Central Credit Union forecasts that BC is poised to lead the national economy in GDP growth over the next three years. Consequently, if GDP growth in BC does exceed the national average as predicted by some organizations, BC will receive a higher proportion of national allocation than that forecasted by the Excel model because the more conservative GDP projections of Statistics Canada have been used in the Excel model.

### 4. **Consumer Price Index**

To simulate the current differential growth formula, the application of the CPI component in the Excel model uses most recent 12-month simple average for the "all items" category of the CPI as measured by Statistics Canada (CANSIM table 326-0020). CPI is used as a proxy for cost of production, with the result that low CPI results in more kilograms on the application of this component. Therefore the model uses the inverse ( $1/\text{CPI}$ ) of the provincial CPI to rebase the numbers. The rebased provincial CPI numbers are standardized by multiplying the provinces' rebased CPI with the provincial shares of the national base allocation for the period being set. The distribution factor for each province is then calculated by dividing each province's standardized scores by the sum of all provincial standardized scores.

For the Excel model, we have utilized the five year forecasts of the Consumer Price Index prepared by the Conference Board of Canada for each province of Canada. For the 5 subsequent years, we have utilized the Forecast function in Excel to conduct linear regression analyses to develop CPI forecasts for each province.

## 5. Farm Input Price Index

To simulate the current differential growth formula, the application of the FIPI component in the Excel model uses most recent four-quarter simple average for the commercial feed component of the FIPI as measured by Statistics Canada (CANSIM table 328-0015). A low FIPI results in more kilograms on the application of this component. Therefore, the model uses the inverse ( $1/\text{FIPI}$ ) of the provincial FIPI to rebase the numbers. The rebased provincial FIPI numbers are standardized by multiplying the provinces' rebased FIPI with the provincial shares of the national base allocation for the period being set. The distribution factor for each province is then calculated by dividing each province's standardized scores by the sum of all provincial standardized scores.

We have been unable to find reliable commercial feed prices forecasts for each province for the next 10 years. Therefore, for the purposes of the Excel model, we have assembled 14 years of historical data on quarterly changes in the commercial component of the FIPI index for each province of Canada from Statistics Canada (CANSIM table 328-0015). Based on this historical data, we utilized the Forecast function in Excel to conduct linear regression analyses to develop forecasts for the commercial feed component of the FIPI for each province for the next 10 years.

## 6. Quota Utilization

To simulate the current differential growth formula, the application of the quota utilization component in the Excel model uses the standard deviation from 100% quota utilization in the most recent six audit periods (two consecutive production periods) for which CFC-audited data is available. A lower standard deviation results in more kilograms on the application of this component. Thus, provincial deviations are rebased and expressed as the inverse from 100% quota utilization ( $1$  divided by the calculated deviations). The calculated deviations are then standardized by multiplying the rebased provinces' standard deviations by the provincial shares of the national base allocation for the period being set.

For the purposes of the Excel model, we have assembled 12 years of historical data on quota utilization for each province of Canada from the CFC (file 2014 July 4 Model\_REVISED FIPI15.xlsx), as well as its forecasted data until year 2024. Based on this data, we utilized the Forecast function in Excel to conduct linear regression analyses to develop forecasts for the quota utilization component of the current differential growth formula for each province until year 2027 (A-137).

## 7. Further Processing

For the purposes of the Excel model, we have forecasted the next 10 years considering the Directors agreement to establish the following provincial shares for the further processing component, effective period A-135: BC, 14.0690%; Alberta, 4.9999%; Saskatchewan, 1.0012%; Manitoba, 1.0013%; Ontario, 47.7063%; Quebec, 28.6500%; New Brunswick, 1%, Nova Scotia, 1%; PEI, 0.12% and Newfoundland, 0.4523%.

**9. Supply Share**

To emulate the current differential growth formula, supply share for the Excel model is calculated as the province’s base share of the national base for the period being set divided by the province’s population share of the national population using the most recent available quarterly provincial population estimate (Statistics Canada, CANSIM Table 051-0005, CANSIM Table 052-0005 and Quarterly Demographic Estimates 91-002-X). Only provinces that have a supply share threshold of less than 90% will receive a share of the kilograms available under this component. The distribution will be calculated on each qualifying province’s base share of the total bases of all qualifying provinces.

Based on the Statistics Canada population forecasts, BC’s supply share threshold is not projected to be less than 90% for the next ten years. As a result, it is not anticipated that BC will be able to obtain increased allocations as a result of this indicator for the next 10 years.

In addition to the above indicators in the current differential growth formula, the Excel model also takes into account the discrete supply allocations for Ontario and related provincial growth reductions. Consequently, in addition to the differential growth formula, allocations commencing in Period A-127 include a discrete supply allocation to Ontario on a periodic basis under which Ontario will receive the compounded equivalent of 14,184,786 kilograms over 66 periods. The volume of the discrete supply allocation in the Excel model takes into account the compounding effect from previously allocated discrete supply volumes.

The Excel model assumes an annual national growth of 2% in the domestic allocation of chicken in Canada overall for the next 10 years, starting from Period A-138 until Period A-209.

**B. Allocation Projections**

As shown in the following table, the Excel model forecasts that BC’s domestic allocation will increase by 28.76% from 23.5 million kilograms in A-138 to 30.3 million kilograms in A-209. BC’s share of the national domestic allocation is projected to increase marginally from 14.15% in A-138 to 14.19% in A-209.

**Forecasted Allocation for BC Based on Current Differential Growth Formula**

Period	Total Domestic Allocation for BC (kilograms)	BC % of Canadian Domestic Allocation
A-138	23,489,804	14.15%
A-209	30,246,379	14.19%
Change	+28.76%	+0.04%

As indicated in the table on the following page, the share of Canadian domestic allocation for each province is not projected to change significantly over the next ten years based on the current differential growth formula.

**Forecasted Share of National Allocation**

Province	A-138	A-209
BC	14.15%	14.19%
Alberta	9.52%	9.52%
Saskatchewan	3.56%	3.57%
Manitoba	4.13%	4.14%
Ontario	33.57%	33.47%
Quebec	27.00%	27.01%
New Brunswick	2.82%	2.83%
Nova Scotia	3.53%	3.53%
PEI	0.36%	0.36%
Newfoundland	1.37%	1.37%

### III. Comparison of Current Differential Growth Formula with Pro Rata Allocation Growth

This chapter provides a comparison of future estimated volumes of allocation growth to BC using the current differential growth formula and that use pro rata.

#### A. Pro-Rata Allocation Growth Projections

To determine the estimated volume of allocation growth to BC, we developed another Excel model. The key assumptions that were used to develop the pro-rata Excel model are as follows:

1. We have assumed that pro-rata is BC's current share of the national base remains at the current level of 14.2069%.
2. We have assumed an annual national growth of 2% in the domestic allocation of chicken in Canada overall for the next 10 years.

As indicated in the table below, BC's allocation based on pro rata is projected to increase by 28.3% from 23.6 million kilograms in A-138 to 30.3 million kilograms in A-209.

**Forecasted Allocation for BC Based on Pro Rata**

Period	Total Domestic Allocation for BC (kilograms)	BC % of Canadian Domestic Allocation
A-138	23,591,429	14.21%
A-209	30,275,293	14.21%
Change	+28.33%	0%

#### B. Comparison of Allocation Projections

The following table provides a comparison of allocations projections for the next ten years for BC using the current differential growth formula and that use pro rata. During the ten year period from A-138 to A-209, total domestic allocation for BC is projected to be 1.894 billion kilograms which is about 5.8 million kilograms or 0.04% less than the allocation of 1,899 billion kilograms during this period based on pro-rata. During this ten year period, BC's share of the national allocation is projected to be 14.16% based on the current differential growth formula which is slightly less than BC share of 14.21% based on pro rata.

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Total domestic allocation from A-138 to A-209 (kilograms)	1,893,680,788	1,899,466,272	-5,785,484
BC share of national allocation during this period	14.1637%	14.2069%	-0.0432%

**TAB 17**

Mar 31, 2010

British Columbia Chicken Growers Association

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Hallmark Poultry Processors Ltd.

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Rosstown Farms Ltd.

4184 Ross Road  
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Fairline Development Canada (1992) Ltd.

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Primary Poultry Processors of British Columbia

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Mr. Stuart Wilson  
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Fraser Valley Duck and Goose

Mr. Ken Falk  
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BY FAX: (604) 854-1992

SJ Ritchie Research Farms Ltd.

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BY FAX: (604) 854-6100

Maplehill Farms

Mr. Blaine Regehr  
4808 Mt. Lehman Road  
Abbotsford BC V4X 1Y3  
BY FAX: (604) 856-7426

Thomas Reid Farms Ltd

c/o 5050 - 244<sup>th</sup> Street  
Langley, BC V2Z 1G5  
BY FAX: (604) 856-9093

Lilydale Foods Ltd. (Alta)

Jennifer Poon  
BY FAX: (780) 476-7253

Island Farmhouse Poultry

Lyle Young  
1615 Koksilah Road  
Cowichan Bay, BC V0R 1N1  
BY FAX: (250) 746-6120

Re: Allocation for period A-100

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-100 (September 12 -- November 6, 2010) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday May 17, 2010 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-100:**

<b>Monday May 17/10</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Thursday May 20/10</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday May 21/10 at noon</b> to trigger a conference call.
<b>Tuesday May 25/10*****</b>	Conference call at 10:00 a.m. If required.
<b>Wed May 26/10</b>	BCCMB sends number to CFC
<b>Wed June 2/10</b>	CFC sets A-100

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101) and have the hatchery "huddle". Growers will then sign contracts with hatcheries and processors.

As per the August 26, 2004 notes from the PPAC Chair (M. Maurer), the BCCMB also requires the processors to set a Market Development lease price for the period and a rationale to support the price. The timetable is laid out below.

**Market Development Lease Price for A-100:**

<b>Tuesday May 4/10</b>	Processors send market development lease price to BCCMB staff
<b>Wednesday May 5/10</b>	BCCMB circulate market development lease price and rationale to PPAC. PPAC members have until <b>Friday May 7/10 at noon</b> to trigger a conference call.
<b>Monday May 10/10*****</b>	Conference call at <b>10:00 am</b> . BCCMB sets market development lease price. Market Development Contract (Form BC 100) is printed and sent to growers.
<b>Friday May 28/10</b>	MD contract is due back at BCCMB offices.

\*\*\*\*\* if necessary

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Ron Kilmury  
Chair, BCCMB

RK/cr

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Re: Allocation for period A-101

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-101 (November 7, 2010 – January 1, 2011) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday July 5, 2010 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-101:**

<b>Monday July 5/10</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Thursday July 8/10</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday July 9/10 at noon</b> to trigger a conference call.
<b>Monday July 12/10*****</b>	Conference call at 10:00 a.m. If required.
<b>Tuesday July 13/10</b>	BCCMB sends number to CFC
<b>Tuesday July 20/10</b>	CFC sets A-101

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101) and have the hatchery "huddle". Growers will then sign contracts with hatcheries and processors.

Re: Allocation for period A-102

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-102 (January 2 – February 26, 2011) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday September 13, 2010 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-102:**

<b>Monday Sept 13/10</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Thursday Sept 16/10</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday Sept 17/10 at noon</b> to trigger a conference call.
<b>Monday Sept 20/10*****</b>	Conference call at 10:00 a.m. If required.
<b>Tuesday Sept 21/10</b>	BCCMB sends number to CFC
<b>Tuesday Sept 28/10</b>	CFC sets A-102

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101) and have the hatchery "huddle". Growers will then sign contracts with hatcheries and processors.

Re: Allocation for period A-103

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-103 (February 27 – April 23, 2011) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday November 8, 2010 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-103:**

<b>Monday Nov 8/10</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Nov 10/10</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday November 12/10 at noon</b> to trigger a conference call.
<b>Monday Nov 15/10*****</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday Nov 17/10</b>	BCCMB sends number to CFC
<b>Wednesday Nov 24/10</b>	CFC sets A-103

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101) and have the hatchery “huddle”. Growers will then sign contracts with hatcheries and processors.

Re: Allocation for period A-104

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-104 (April 24 – June 18, 2011) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday January 3, 2011 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-104:**

<b>Monday Jan 3/11</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Jan 5/11</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday Jan 7/11 at noon</b> to trigger a conference call.
<b>Monday Jan 10/11*****</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday Jan 12/11</b>	BCCMB sends number to CFC
<b>Wednesday Jan 19/11</b>	CFC sets A-104

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101) and have the hatchery “huddle”. Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Re: Allocation for period A-105

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-105 (June 19 – August 13, 2011) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday March 7, 2011 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-105:**

<b>Monday Mar 7/11</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Thursday Mar 10/11</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Monday Mar 14/11 at noon</b> to trigger a conference call.
<b>Tuesday Mar 15/11*****</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday Mar 16/11</b>	BCCMB sends number to CFC
<b>Wednesday Mar 23/11</b>	CFC sets A-105

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101) and have the hatchery "huddle". Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Re: Allocation for period A-106

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-106 (August 14 – October 8, 2011) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Tuesday April 26, 2011 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-106:**

<b>Tuesday April 26/11</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Thursday April 28/11</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday April 29/11 at noon</b> to trigger a conference call.
<b>Monday May 2/11*****</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday May 4/11</b>	BCCMB sends number to CFC
<b>Wednesday May 11/11</b>	CFC sets A-106

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Re: Allocation for period A-107

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-107 (October 9 – December 3, 2011) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday June 27, 2011 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-107:**

<b>Monday June 27/11</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday June 29/11</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Thursday June 30/11 at noon</b> to trigger a conference call.
<b>Monday July 4/11*****</b>	Conference call at 10:00 a.m. If required.
<b>Tuesday July 5/11</b>	BCCMB sends number to CFC
<b>Tuesday July 12/11</b>	CFC sets A-107

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

## Re: Allocation for period A-108

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-108 (December 4, 2011 – January 29, 2012) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday August 22, 2011 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-108:**

<b>Monday Aug 22/11</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Aug 24/11</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Monday Aug 29/11 at noon</b> to trigger a conference call.
<b>Tuesday Aug 30/11*****</b>	Conference call at 10:00 a.m. If required.
<b>Wed Aug 31/11</b>	BCCMB sends number to CFC
<b>Wed Sept 7/11</b>	CFC sets A-108

\*\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Re: Allocation for period A-109

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-109 (January 29 – March 24, 2012) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday October 24, 2011 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-109:**

<b>Monday Oct 24/11</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Oct 26/11</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday Oct 28/11 at noon</b> to trigger a conference call.
<b>Tuesday Nov 1/11****</b>	Conference call at 10:00 a.m. If required.
<b>Wed Nov 2/11</b>	BCCMB sends number to CFC
<b>Wed Nov 9/11</b>	CFC sets A-109

\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Re: Allocation for period A-110

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-110 (March 25 -- May 19, 2012) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday November 28, 2011 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-110:**

<b>Monday Nov 28/11</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Nov 30/11</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday Dec 2/11 at noon</b> to trigger a conference call.
<b>Tuesday Dec 6/11****</b>	Conference call at 10:00 a.m. If required.
<b>Wed Dec 7/11</b>	BCCMB sends number to CFC
<b>Wed Dec 14/11</b>	CFC sets A-110

\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Re: Allocation for period A-111

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-111 (May 20 – July 14, 2012) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday January 16, 2012 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-111:**

<b>Monday Jan 16/12</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Jan 18/12</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday January 20/12 at noon</b> to trigger a conference call.
<b>Tuesday Jan 24/12****</b>	Conference call at 10:00 a.m. If required.
<b>Wed Jan 25/12</b>	BCCMB sends number to CFC
<b>Wed February 1/12</b>	CFC sets A-111

\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-112 (July 15 – September 8, 2012) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday March 5, 2012 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-112:**

<b>Monday Mar 5/12</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Mar 7/12</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday March 9/12 at noon</b> to trigger a conference call.
<b>Tuesday Mar13/12****</b>	Conference call at 10:00 a.m. If required.
<b>Wed March 14/12</b>	BCCMB sends number to CFC
<b>Wed March 21/12</b>	CFC sets A-112

\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-113 (September 9 – November 3, 2012) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday May 14, 2012 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-113:**

<b>Monday May 14/12</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday May 16/12</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday May 18/12 at noon</b> to trigger a conference call.
<b>Tuesday May 22/12****</b>	Conference call at 10:00 a.m. If required.
<b>Wed May 23/12</b>	BCCMB sends number to CFC
<b>Wed May 30/12</b>	CFC sets A-113

\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Re: Allocation for period A-114

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-114 (November 4, -- December 29, 2012) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday July 9, 2012 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-114:**

<b>Monday July 9/12</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday July 11/12</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday July 13/12 at noon</b> to trigger a conference call.
<b>Monday July 16/12****</b>	Conference call at 10:00 a.m. If required.
<b>Tues July 17/12</b>	BCCMB sends number to CFC
<b>Tues July 24/12</b>	CFC sets A-114

\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

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Re: Allocation for period A-115

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-115 (December 30, 2012 – February 23, 2013) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday September 10, 2012 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-115:**

<b>Monday Sept 10/12</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Sept 12/12</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday Sept 14/12 at noon</b> to trigger a conference call.
<b>Monday Sept 17/12****</b>	Conference call at 10:00 a.m. if required.
<b>Tues Sept 18/12</b>	BCCMB sends number to CFC
<b>Tues Sept 25/12</b>	CFC sets A-115

\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Re: Allocation for period A-116

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-116 (February 24 – April 20, 2013) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday November 5, 2012 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-116:**

<b>Monday Nov 5/12</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday Nov 7/12</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday Nov 9/12 at noon</b> to trigger a conference call.
<b>Tuesday Nov 13/12****</b>	Conference call at 10:00 a.m. If required.
<b>Wed Nov 14/12</b>	BCCMB sends number to CFC
<b>Wed Nov 21/12</b>	CFC sets A-116

\*\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-117 (April 21 – June 15, 2013) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Wednesday, January 02, 2013 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-117:**

<b>Wednesday, Jan 02/13</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Thursday, Jan 03/13</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, Jan 04/13 at noon</b> to trigger a conference call.
<b>Tuesday, Jan 08/13***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday, Jan 09/13</b>	BCCMB sends number to CFC
<b>Wednesday, Jan 16/13</b>	CFC sets A-117

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

**BRITISH COLUMBIA CHICKEN MARKETING BOARD**

Ms. Daphne Stancil  
Chair, BCCMB

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-118 (June 16 – August 10, 2013) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday March 4, 2013 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-118:**

<b>Monday, Mar 4/13</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Thursday, Mar 7/13</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, Mar 8/13 at noon</b> to trigger a conference call.
<b>Tuesday, Mar 12/13***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday, Mar 13/13</b>	BCCMB sends number to CFC
<b>Wednesday, Mar 20/13</b>	CFC sets A-118

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

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Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-119 (August 11 – October 5, 2013) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday April 22, 2013 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-119:**

<b>Monday, April 22/13</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Thursday, Apr 25/13</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, Apr 26/13 at noon</b> to trigger a conference call.
<b>Tuesday, Apr 30/13***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday, May 1/13</b>	BCCMB sends number to CFC
<b>Wednesday, May 8/13</b>	CFC sets A-119

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 1019). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

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Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-120 (October 6 – November 30, 2013) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday June 24, 2013 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-120:**

<b>Monday, June 24/13</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, June 26/13</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, June 28/13 at noon</b> to trigger a conference call.
<b>Tuesday, July 2/13***</b>	Conference call at 10:00 a.m. If required.
<b>Tuesday, July 2/13</b>	BCCMB sends number to CFC
<b>Tuesday, July 9/13</b>	CFC sets A-120

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

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Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-121 (December 1, 2013 – January 25, 2014) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday August 19, 2013 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-121:**

<b>Monday, Aug 19/13</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, Aug 21/13</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, Aug 23/13 at noon</b> to trigger a conference call.
<b>Tuesday, Aug 27/13***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday Aug 28/13</b>	BCCMB sends number to CFC
<b>Wednesday Sept 4/13</b>	CFC sets A-121

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Ms. Daphne Stancil  
Chair, BCCMB

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Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-122 (January 26 – March 22, 2014) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday Sept 30, 2013 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-122:**

<b>Monday, Sept 30/13</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, Oct 2/13</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, Oct 4/13 at noon</b> to trigger a conference call.
<b>Tuesday, Oct 8/13***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday Oct 9/13</b>	BCCMB sends number to CFC
<b>Wednesday Oct 16/13</b>	CFC sets A-122

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

**BRITISH COLUMBIA CHICKEN MARKETING BOARD**

Ms. Daphne Stancil  
Chair, BCCMB

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Re: Allocation for period A-123

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-122 (January 26 – March 22, 2014) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Tuesday November 12, 2013 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-123:**

<b>Tuesday, Nov 12/13</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, Nov 13/13</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, Nov 15/13 at noon</b> to trigger a conference call.
<b>Tuesday, Nov 19/13***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday Nov 20/13</b>	BCCMB sends number to CFC
<b>Wednesday Nov 27/13</b>	CFC sets A-123

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

**BRITISH COLUMBIA CHICKEN MARKETING BOARD**

Mr. Robin Smith  
Chair, BCCMB

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Re: Allocation for period A-124

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-124 (May 18 – July 12, 2014) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday January 13, 2014 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-124:**

<b>Monday January 13, 2014</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, January 15/14</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, Jan 17/14 at noon</b> to trigger a conference call.
<b>Tuesday, Jan 21/14***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday Jan 22/14</b>	BCCMB sends number to CFC
<b>Wednesday Jan 29/143</b>	CFC sets A-124

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

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Re: Allocation for period A-125

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-125 (July 13 – Sept 6, 2014) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday March 3, 2014 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-125:**

<b>Monday Mar 3, 2014</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, Mar 5/14</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, Mar 7/14 at noon</b> to trigger a conference call.
<b>Tuesday, Mar 11/14***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday Mar 12/14</b>	BCCMB sends number to CFC
<b>Wednesday Mar 19/14</b>	CFC sets A-125

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

Re: Allocation for period A-126

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-126 (Sept 7 – November 1, 2014) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday May 12, 2014 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-126:**

<b>Monday May 12, 2014</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, May 14/14</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, May 16/14 at noon</b> to trigger a conference call.
<b>Tuesday, May 20/14***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday May 21/14</b>	BCCMB sends number to CFC
<b>Wednesday May 28/14</b>	CFC sets A-126

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

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Re: Allocation for period A-127

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-127 (November 2 – December 27, 2014) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday July 14, 2014 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-127:**

<b>Monday July 14, 2014</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, July 16/14</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, July 18/14 at noon</b> to trigger a conference call.
<b>Tuesday July 22/14***</b>	Conference call at 10:00 a.m. If required.
<b>Tuesday July 22/14</b>	BCCMB sends number to CFC
<b>Tuesday July 29/14</b>	CFC sets A-127

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
 Chair, BCCMB  
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Re: Allocation for period A-128

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-128 (December 28, 2014 – February 21, 2015) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday September 8, 2014 at 4:00 p.m.** As per the understanding of the August 26, 2014 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-128:**

<b>Monday Sept 8, 2014</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, Sept 10/14</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, September 12/14 at noon</b> to trigger a conference call.
<b>Tuesday Sept 16/14***</b>	Conference call at 10:00 a.m. If required.
<b>Tuesday Sept 16/14</b>	BCCMB sends number to CFC
<b>Tuesday Sept 23/14</b>	CFC sets A-128

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

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Re: Allocation for period A-129

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-129 (February 22 – April 18, 2015) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday November 3, 2014 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-129:**

<b>Monday Nov 3, 2014</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, Nov 5/14</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, November 7/14 at noon</b> to trigger a conference call.
<b>Wednesday Nov 12/14***</b>	Conference call at 10:00 a.m. if required.
<b>Wednesday Nov 12/14***</b>	BCCMB sends number to CFC
<b>Wednesday Nov 19/14***</b>	CFC sets A-129.

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

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Re: Allocation for period A-130

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-130 (April 19 – June 13, 2015) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday January 5, 2015 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-130:**

<b>Monday January 5, 2015</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, January 7/15</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, January 9/15 at noon</b> to trigger a conference call.
<b>Tuesday January 13/15***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday January 14/15***</b>	BCCMB sends number to CFC
<b>Wednesday January 21/15***</b>	CFC sets A-130

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

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February 24, 2015 **REVISED**

British Columbia Chicken Growers Association  
Mr. Ravi Bathe  
PO Box 581  
Abbotsford, BC  
V2T 6Z8  
BY FAX: (604) 853-4808

Hallmark Poultry Processors Ltd.  
Mr. Ron Pollon  
1756 Pandora Street  
Vancouver, BC, V5L 1M5  
BY FAX: (604) 254-7039

Superior Poultry Processors Ltd  
2784 Aberdeen Ave  
Coquitlam, BC V3B 1A3  
BY FAX: (604) 464-6213

Lilydale Foods Ltd. (Coq.)  
1910 Kingsway Ave.  
Coquitlam, BC, V3C 1S7  
BY FAX: (604) 254-7039

Sunrise Poultry Processors Ltd.  
Mr. Peter Shoore  
13542 - 73A Ave.  
Surrey, BC V3W 1C9  
BY FAX: (604) 596-3915

Farmcrest Foods Ltd.  
Richard Bell  
1880-30<sup>th</sup> Street SW  
Salmon Arm, BC  
V1E 4M1  
BY FAX (250) 832-2194

Wingat Game Bird Packers  
Mr. Eric Ng  
9752 - 186 Street  
Surrey, BC, V3T 4W2  
BY FAX: (604) 882-0056

Farm Fed  
Mr. Ken Huttema  
31171 Peardonville Road  
Abbotsford, BC V2T 6K6  
BY FAX: (604) 850-5838

Rosstown Farms Ltd.  
4184 Ross Road  
Abbotsford, BC V4X 1Z2  
BY FAX: (604) 856-6698

Pricing and Production Advisory Committee  
Ms. Karen Landon  
101-32450 Simon Avenue  
Abbotsford, BC V2T 4J2  
BY FAX: (604) 859-2811

Fraser Valley Specialty Poultry  
Mr. Ken Falk  
32351 Huntington Road  
Abbotsford, BC V2T 5Y8  
BY FAX: (604) 854-1992

Lilydale Foods Ltd. (Alta)  
Jeff McDowell  
BY FAX: (780) 476-7253

Island Farmhouse Poultry  
Dion Wiebe  
1615 Koksilah Road  
Cowichan Bay, BC V0R 1N1  
BY FAX: (250) 746-6120

Re: Allocation for period A-131 & A-132  
REVISED

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-131 (June 14 – August 8, 2015) & A-132 (August 9 – October 3, 2015) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests. CFC is now setting for two 8-week allocation periods during one meeting as a pilot project, with a review after the allocation of 6 periods.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday March 9, 2015 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-131 & A-132:**

<b>Monday March 9, 2015</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, March 11/15</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, March 13/15 at noon</b> to trigger a conference call.
<b>Tuesday March 17/15***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday March 18/15***</b>	BCCMB sends number to CFC
<b>Wednesday March 25/15***</b>	CFC sets A-131 & A-132

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

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Re: Allocation for period A-133 & A-134

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-133 (October 4 – November 28, 2015) & A-134 (November 29, 2015 – January 23, 2016) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests. CFC is now setting for two 8-week allocation periods during one meeting as a pilot project, with a review after the allocation of 6 periods.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday June 22, 2015 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-133 & A-134:**

<b>Monday June 22, 2015</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, June 24/15</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, June 26/15 at noon</b> to trigger a conference call.
<b>Monday June 29/15***</b>	Conference call at 10:00 a.m. If required.
<b>Tuesday June 30/15***</b>	BCCMB sends number to CFC
<b>Tuesday July 7/15***</b>	CFC sets A-133 & A-134

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

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Re: Allocation for period A-135 & A-136

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-135 (January 24 – March 19, 2016) & A-136 (March 20 – May 14, 2016) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests. CFC is now setting for two 8-week allocation periods during one meeting as a pilot project, with a review after the allocation of 6 periods.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday September 28, 2015 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-135 & A-136:**

<b>Monday September 28, 2015</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, September 30/15</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, October 2/15 at noon</b> to trigger a conference call.
<b>Tuesday October 6/15***</b>	Conference call at 10:00 a.m. If required.
<b>Wednesday October 7/15***</b>	BCCMB sends number to CFC
<b>Wednesday October 14/15***</b>	CFC sets A-135 & A-136

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

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Re: Allocation for period A-137 & A-138

Dear Sirs:

The BC Chicken Marketing Board requires individual processor requests for the level of production for quota period A-137 (May 15 – July 9, 2016) & A-138 (July 10 – September 3, 2016) for both market development and domestic production. Processors should be prepared to provide rationales for both allocation requests. CFC is now setting for two 8-week allocation periods during one meeting as a pilot project, with a review after the allocation of 6 periods.

In order to provide adequate time for consideration of the allocation by the PPAC, the Board requires the above allocation information and rationale by no later than **Monday January 18, 2016 at 4:00 p.m.** As per the understanding of the August 26, 2004 PPAC meeting, the timetable will be as follows:

**Allocation Requests for A-137 & A-138:**

<b>Monday Jan 18, 2016</b>	Processors submit Market Development and Domestic request along with rationale to BCCMB staff. Staff will compile numbers and submit to BCCMB.
<b>Wednesday, Jan 20, 2016</b>	BCCMB will determine a number and rationale to be sent to CFC. This will be sent to PPAC. PPAC members have until <b>Friday, January 22/16 at noon</b> to trigger a conference call.
<b>Tuesday Jan 26/16***</b>	Conference call at 10:00 a.m. If required.
<b>Tuesday January 26/16</b>	BCCMB sends number to CFC
<b>Tuesday Feb 2/16</b>	CFC sets A-137 & A-138

\*\*\* if necessary.

After CFC sets the allocation, BCCMB staff will prepare the growers QPA (quota production allocation form, the BC 101). Growers will then sign contracts with hatcheries and processors.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. Robin Smith  
Chair, BCCMB

B:\Administration\Allocation\A-137 & A-138 allocatn.doc

**TAB 18**

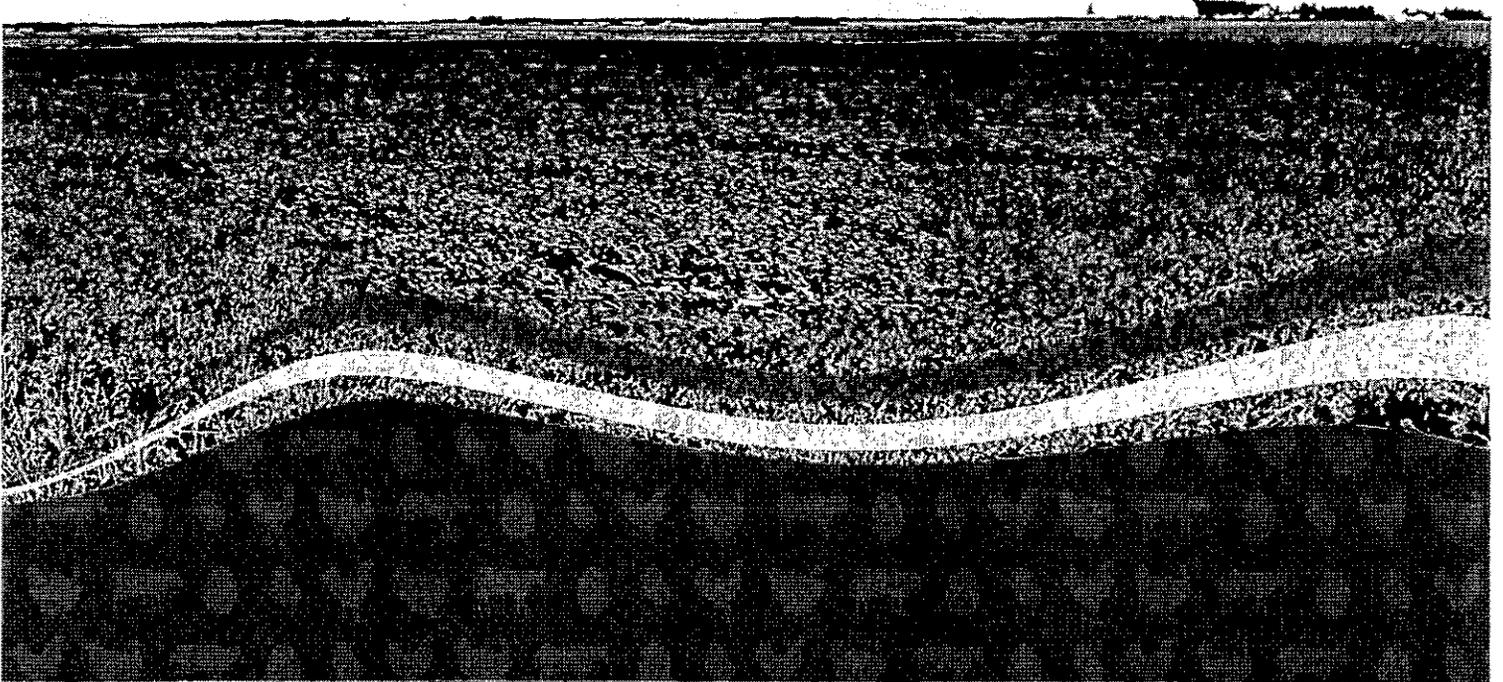


Farm Products Council  
of Canada

Conseil des produits agricoles  
du Canada

# COMPLAINT COMMITTEE'S FINAL REPORT AND RECOMMENDATION

SEPTEMBER 2014



FARM PRODUCTS COUNCIL OF CANADA

Canada

# COMPLAINT COMMITTEE'S FINAL REPORT AND RECOMMENDATION

## IN THE MATTER OF THE INQUIRY INTO THE COMPLAINT BY THE CANADIAN POULTRY AND EGG PROCESSORS COUNCIL, THE FURTHER POULTRY PROCESSORS ASSOCIATION OF CANADA AND RESTAURANTS CANADA AGAINST THE CHICKEN FARMERS OF CANADA CONCERNING THE QUOTA ALLOCATION SET FOR PERIOD A-127

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The Committee was mandated to investigate the complaint brought forward by the Canadian Poultry and Egg Processors Council (CPEPC), the Further Poultry Processors Association of Canada (FPPAC) and Restaurants Canada (RC) that the allocation set by the Chicken Farmers of Canada (CFC) for A-127 allocation will result in oversupply of chicken which will unfairly favour competing sectors to the restaurant industry, cause instability and lead to significant challenges for buyers and sellers in the value chain.

The Complaint Committee has heard and collected all of the evidence presented during the course of the complaint<sup>1</sup>.

### The Complaint Committee's Findings

#### Tariff Rate Quotas

The Committee agrees with CFC and the interveners that the volume of imports under the Tariff Rate Quotas (TRQ) was, at the time of the allocation, in a more favourable condition than in 2013. The Committee is not of the view that for the A-127 allocation the level of TRQ versus the pro-rata volume of TRQ is an overriding factor when setting the domestic allocation for the A-127 period.

#### Wholesale Price

The Committee agrees with all parties that wholesale prices, after the drop in late 2013, have been strong throughout 2014, reaching the highest monthly average in July 2014.

The Committee is of the view, unlike the Complainants, that the wholesale prices will likely stay strong through November and December 2014, as indicated on page 6 and 7 of the George Morris Centre's August 2014 Canadian Chicken Market Review (see Annex 1). Wholesale prices are expected to continue to be above seasonal norms for November for breasts, legs and the composite wholesale prices, and well above the seasonal norms for the wing wholesale price.

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<sup>1</sup> The Complaint Committee's Compiled Summary of Evidence Report.

## 2014 Corn and Soybean Production

According to USDA's "World Agricultural Supply and Demand Estimates" released on September 11, 2014, corn and soybean production are expected to be at record high levels for 2014. Corn is expected to equal 13.9 billion bushels, up 29.2 percent from 2013. Soybean production is expected to equal 3.29 billion bushels for 2014, up 8.4 percent from last year.

The Committee agrees with CFC and the interveners that the estimated production totals will likely lead to price decreases in feed for the remainder of 2014 and into 2015, which will result in lower live chicken prices. These live chicken price decreases will likely help offset any potential decreases in wholesale prices during the A-127 period and will likely be beneficial to the processor gross margin.

## Storage Stocks

Total storage stocks, as reported by Agriculture and Agri-Food Canada, have dropped during 2014 from 37.3 million kg on January 1, 2014, to 32.1 million kg on September 1, 2014, a 13.9 percent decrease.

A common acceptable measure of stocks used by the industry as a market indicator is total storage stock minus leg quarters and miscellaneous cuts. The indicator is tracked and graphed monthly along with the healthy ranges<sup>2</sup> which are established by CFC, primary processors and further processors. This indicator has dropped 4.1 million from January 1 to September 1, 2014 a 13.6 percent decrease.

It is the Committee's opinion that stock levels have been drawn down as the supply of chicken has not kept up with the demand and stocks have been used to fill the gap. As such, stock levels have dropped below CFC's healthy range and the Committee's view is that, if the market becomes softer than CFC and the interveners anticipate in November and December, there will likely be room for surplus production to be moved into storage for use in 2015.

Annex 2 displays CFC's storage stock report for September 1, 2014 and the decreasing stock levels (without leg quarters and miscellaneous parts) can be seen in the graph at the bottom of the Chart. The healthy ranges are also displayed and the Committee notes that stock levels have been below the healthy ranges for the past three months.

## Projected Chicken Disappearance

<sup>2</sup> Annual target values for domestic stocks are calculated using the ratio between annual domestic production and average yearly domestic stocks, using the most recent seven years of data. Monthly stock seasonality factors, also calculated using the most recent seven years (2007-2013) of data, are then applied to the annual target to calculate the monthly targets. Healthy ranges are set 5 percent above and below the monthly target (CFC's monthly Storage Stock reports).

The Committee notes that the market is in a positive trend, where projected domestic disappearance of chicken is above the volume seen last year. This view is further supported by the Nielsen retail sales data referenced by CFC, the Chicken Farmers of Ontario (CFO) and les Éleveurs de volailles du Québec (EVQ).

The Committee finds that this strong demand will likely continue through A-127 even with seasonal adjustments. This growth is in line with the medium growth rate target set by CFC during its July 10, 2014 conference call for the periods A-127 to A-132 of 2.5 percent.

The Committee acknowledges the Complainants' concern on the source of the export data used by CFC in calculating the projected domestic chicken disappearance.

#### The Tight Supply of Broiler Hatching Eggs

The Complainants argue that there will be a tight market for broiler hatching eggs and chicks for the A-127 period, which could cause producers to grow heavier birds to reach the allocation and not to the specification weights requested by RC members. The Committee agrees with CFC and the interveners that, when setting the allocation, it is the responsibility of the Agency to set an allocation which will satisfy the volume of chicken required in the market.

The Committee is also of the view that the chicken specification is not the responsibility of CFC but rather the responsibility of individual processors and producers.

#### Adjusted Base

A term frequently used in this report is adjusted base or base, as they can be used interchangeably.

CFC calculates for each province the initial base every year for a six period block. The current block runs from A-127 to A-132. The initial base for each period in the block equals the lesser of the domestic quota allocation CFC sets for a province or the domestic quota allotments made by the provincial commodity board to producers in the province during the same weeks in the previous year.

Each provincial commodity board has the opportunity to adjust the initial base allocation for one or more of the six periods in the block. The adjustments made for any period cannot exceed five percent of the initial base and the total of the adjusted bases for the six periods does not change.

After receiving input from the provincial commodity boards, the adjusted bases are put forward to CFC Directors for review and approval. Included in Annex 3 is the summary of base allocations for A-127 to A-132 that CFC Directors approved during its July 10, 2014 meeting.<sup>3</sup>

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<sup>3</sup> Alberta is not included in Annex 3, as they were not Members of the Agency at the time the adjusted bases were set.

The adjusted base for Canada during the A-127 period was 149.1 million kg, domestic production for the same weeks in 2013 was 151.2 million kg and the domestic allocation for A-127 was set by CFC at 155.4 million kg.<sup>4</sup>

The Committee noted that the adjusted base can differ significantly from domestic production from the previous year. As such, comparing the allocation with the adjusted base can, at times, be misleading when discussing growth. Growth above the base is quite a different measure than allocation growth over production from the previous year.

#### A-127 Domestic Allocation

As noted by CFC and the interveners, if the A-127 domestic allocation is fully utilized, domestic production would be 2.8 percent or 4.2 million kg above domestic production for the same weeks in 2013.

The following table displays the A-127 domestic allocation as compared to 2013 production. Also included is the Adjusted Base for A-127.

#### **2013 Domestic Production, Base and Domestic Allocation for A-127**

	2013 Domestic Production	Adjusted Base for A-127	A-127 Domestic Allocation	A-127 as a % of Base	A-127 as a % of 2013 Domestic Production
BC	22,002,905	21,286,650	22,023,559	3.46%	0.09%
AB	13,743,890	13,811,648	14,676,940	6.26%	6.79%
SK	5,519,694	5,317,246	5,533,763	4.07%	0.25%
MB	6,248,715	6,224,257	6,443,185	3.52%	3.11%
ON	49,510,246	49,679,985	52,004,504	4.68%	5.04%
QC	42,014,759	40,467,374	42,049,999	3.91%	0.08%
NB	4,302,502	4,277,281	4,411,528	3.14%	2.53%
NS	5,287,557	5,346,840	5,510,679	3.06%	4.22%
PE	587,702	580,780	599,567	3.23%	2.02%
NF	2,006,439	2,091,310	2,165,697	3.56%	7.94%
Canada	151,224,409	149,083,371	155,419,421	4.25%	2.77%

Source: CFC

In some provinces (British Columbia, Saskatchewan, Quebec, and Newfoundland and Labrador) there are significant differences when the percentage above the base is compared to the percentage above 2013 domestic production. For example, Quebec's increase above base was 3.91 percent but for production, the increase was 0.08 percent.

<sup>4</sup> All figures are in eviscerated weight and include data for Alberta.

The Committee is of the view that not only do processors and producers need to look at the national number, but the implications of each allocation at the provincial level must also be considered. Newfoundland and Labrador and Nova Scotia both voted against the A-127 allocation as both provincial representatives indicated that the volume was too high for their provincial needs.

**The Complaint Committee's Recommendation to Council**

Based on the evidence and the findings, the Complaint Committee recommends that the Council dismiss the complaint brought forward by CPEPC, FPPAC and RC.

# Annex 1

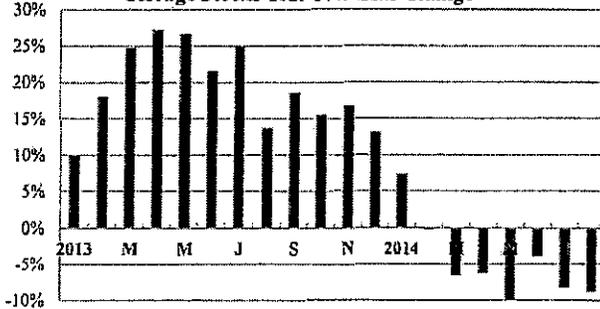


# Canadian Chicken Market Review

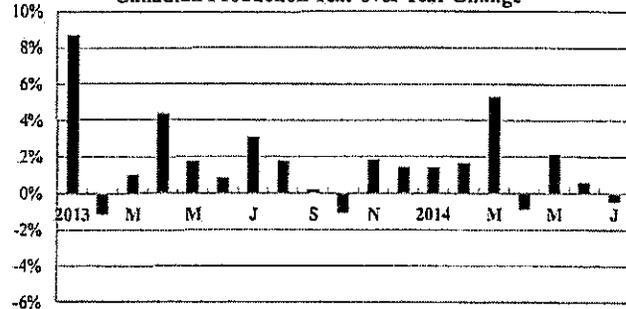
Market Analysis for the Canadian Chicken Industry

August 2014

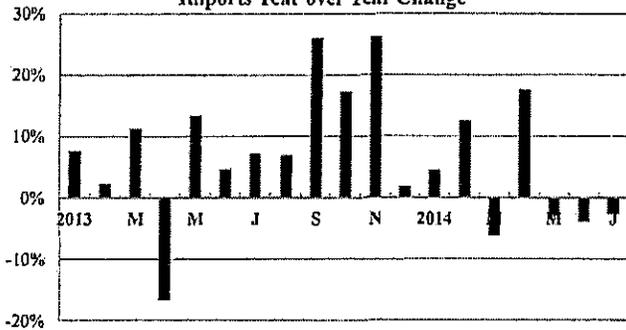
Storage Stocks Year over Year Change



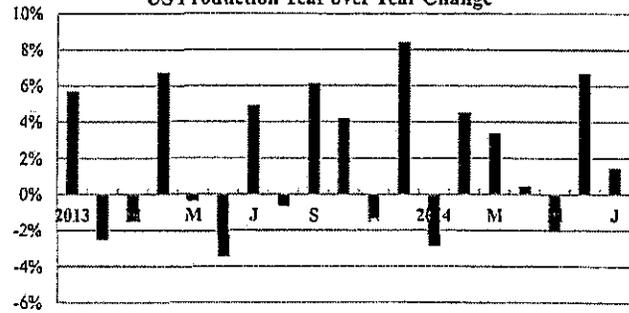
Canadian Production Year over Year Change



Imports Year over Year Change



US Production Year over Year Change



## The Market Argument for Canadian Wholesale Chicken Prices Through: Nov 2014

### BULLISH

1. Demand in Canada has been strong.
2. Beef and pork prices are skyrocketing.
3. Chicken is competitively priced compared to pork and beef.
4. Chicken features are aggressive.
5. Retail chicken margins are much better than the red meats.
6. US processors have been very cautious.
7. Cdn production changes from late summer going into the fall should be typical or what the change normally is for the time of year.
8. Storage stocks are declining.
9. Breeder flock growth is tepid.
10. C\$ is showing weakness.

### BEARISH

1. Seasonal trends are running lower.
2. Retail competition will make pricing gains hard to come by.
3. Retail meat margins are poor and they will be reluctant to accept pricing increases.
4. Imports should start to come in stronger than in recent years.
5. Strong margins in the U.S. could prompt more aggressive production.
6. A stronger US dollar might ease US exports.

Breast prices should ease seasonally but from very firm peaks. Wings will bounce sharply off lows to advance stronger than seasonal norms.

## Current Market Conditions

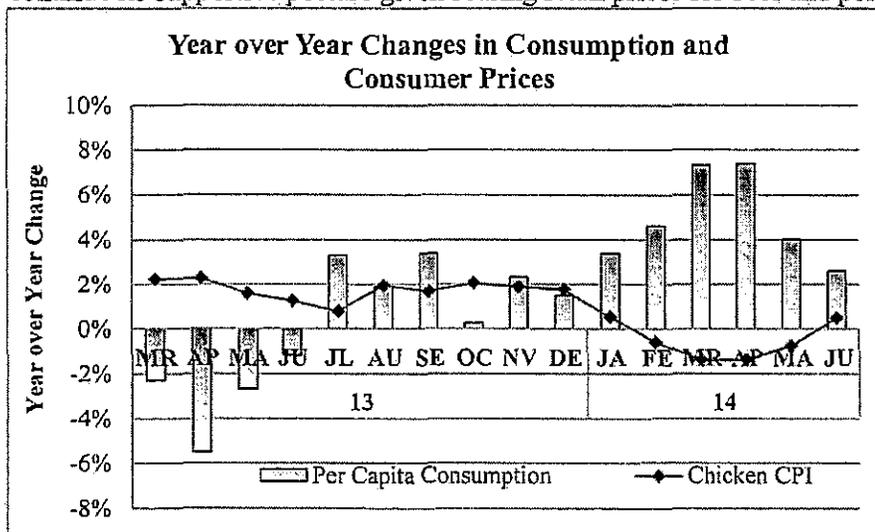
Market Factors 2014 vs 2013				
	Canada		United States	
% Change	July	Year to date	July	Year to date
Production	0	1	1.5	1.5
Storage Stocks	-9	-5	-13	-8
Imports	-3	2	--	--
Exports (July)	--	--	2	1
Egg Sets	0	0	2	1
Chick Placements	4	1	0	0
Breast Prices	5	2	6	2
Wing Prices	-6	-11	-9	-8
Leg Prices	5	-1	0	-10
Beef Cutout Value	39	30	--	--
Pork Cutout Value	31	33	--	--

### Current Market Commentary

Chicken processors in Canada continue to enjoy strong margins as a result of robust demand for chicken and a corresponding tight supply in both Canada and the U.S. Despite very good profits and soaring prices, processors in both Canada and the U.S. have shown a great deal of risk aversion regarding production increases. Chicken processors enjoy a great deal of market leverage given the unprecedented pricing levels in the competing meats. Despite material increases in chicken prices, the product remains very low priced relative to beef and pork. Beef and pork margins at retail continue to be very poor while chicken margins are close to the norm. As such, chicken continues to see strong featuring while gaining share in the meat case.

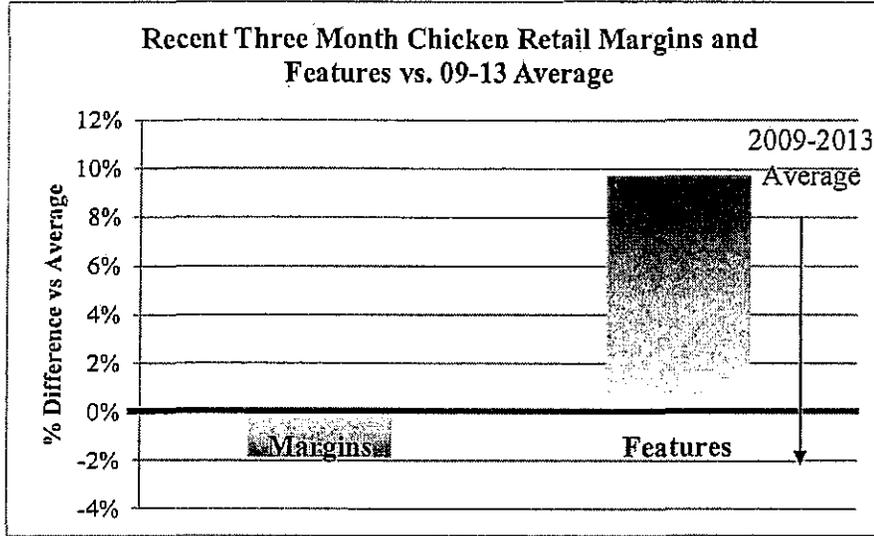
### Canadian Domestic Demand

Canadian chicken consumption has been increasing on a year over year basis from March 2013 to June (latest). The retail price of chicken, as measured by the Statistics Canada Consumer Price Index actually declined from February to May before increasing modestly in June compared to last year. That encouraged even stronger consumption. The consumption and pricing data shows that chicken demand has been increasing and robust which is supportive of the chicken market. Demand should be counted on to continue its supportive posture given soaring retail prices for beef and pork.



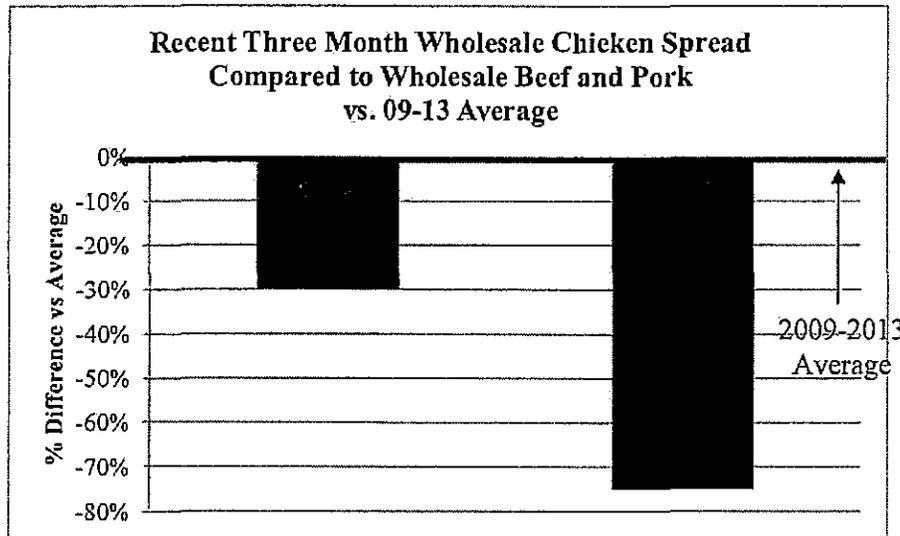
**Feature Tracking and Grocery Margins**

Chicken has become the item of choice for featuring, given the soaring wholesale price points at beef and pork. Beef featuring continues to scrape down to record low levels of feature share based on George Morris Centre tracking. Beef items that do make the flyers tend to be featured at very high price levels. Retailers have also begun to show less pork. Pork that is shown has increased in price compared to recent features. Chicken is the feature item of choice and retailers are being aggressive with the meat. Chicken price points on features continue to be a levels consumers have seen for several years. Chicken margins at retail are running around average while beef and pork margins are very poor. Chicken features are running above the average levels of the previous five years.



**Competing Meat Spreads**

Soaring price levels for beef and pork have dramatically changed their pricing relationship relative to chicken, compared to historical norms. Chicken wholesale price differentials compared to the red meats are averaging much lower and are much less expensive than competing beef and pork.



The summary point is that chicken remains very competitively priced relative to the red meats, despite the recent increases in chicken costs. Retailers and foodservice purveyors are struggling to deal with the red meat costing increases.

# Canadian Chicken Price Forecasts

## Competing Meats and Economic Conditions

The following table shows forecasts for competing meats and economic conditions:

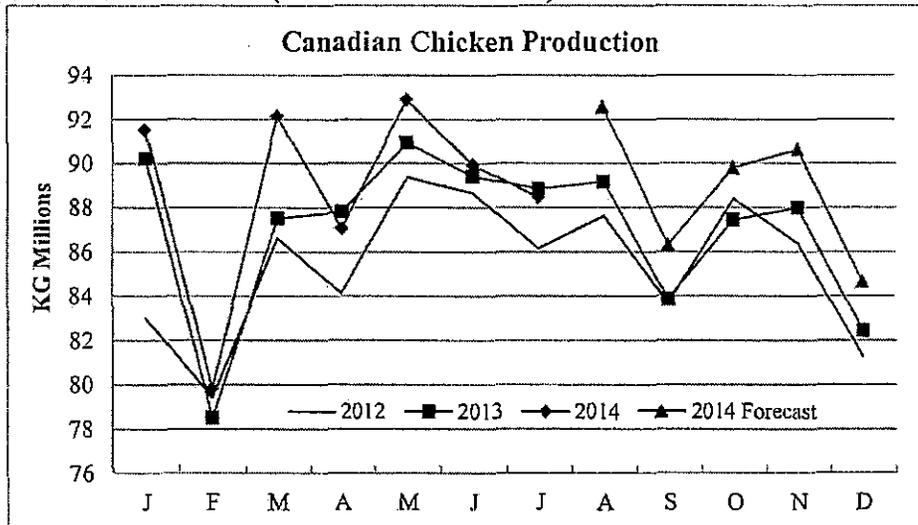
Production, Pricing and Economic Conditions			
(% change except where noted)	Q2 '14	Q3 '14	Q4 '14
N. American Beef Production (YOY)	-5	-2.5	-5.5
N. American Pork Production (YOY)	0	-2.8	-3.9
Cdn Wholesale Beef Prices (YOY)	18	25	20
Cdn Wholesale Pork Prices (YOY)	30	20	30
Real GDP	3.1	3.0	2.0
Cdn Unemployment	7.0	7.0	6.9
Exchange Rate US\$/C\$	91.7	92.0	91.1

Source: George Morris Centre, USDA and Bank of Montreal

After three consecutive monthly declines, the Index of Consumer Confidence reversed course in August, rising 2.5 points to 88.4 (2002 = 100). Consumers were more optimistic about their future finances and were more willing to make a major purchase. (conferenceboard.ca)

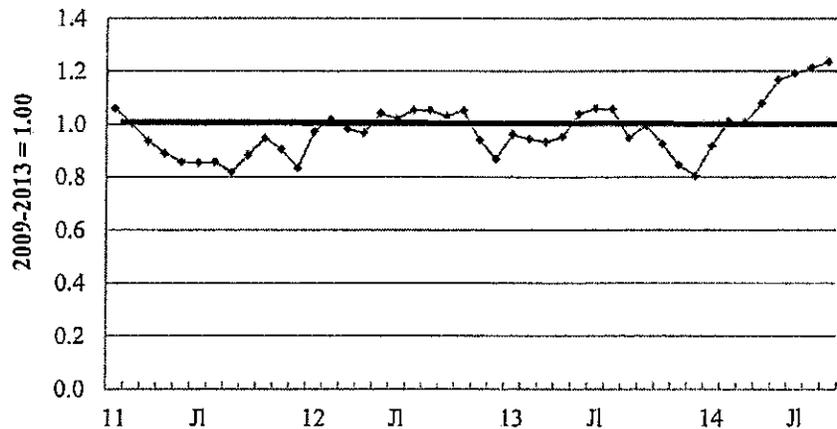
## Forecasted Canadian Production and Imports

- Total allocations for A-125 (July 13 to September 6): 4.2%. Domestic allocations: 3.7%
- Total allocations for A-126 (September 7 to Nov 1): 2.7%. Domestic allocations: 2.3%
- Total allocations for A-127 (November 2 to Dec 27): 3.2%. Domestic allocations: 2.8%

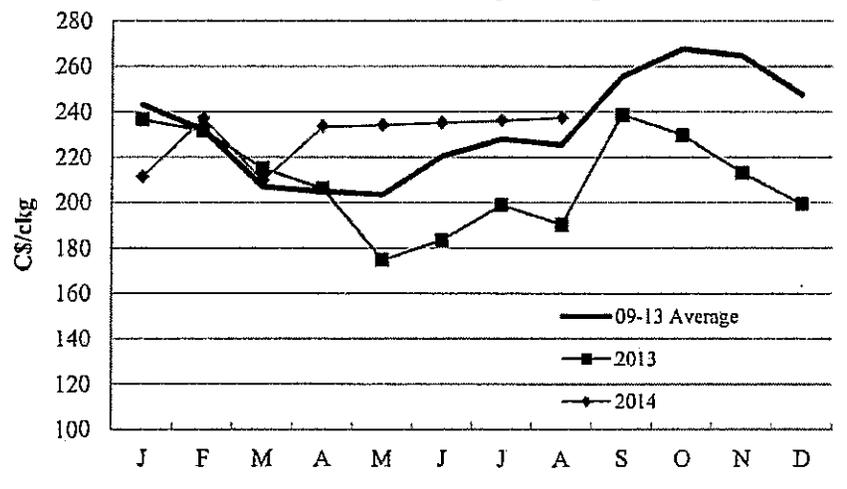


- Canadian processor margins are running well above average (see graph below).
- Average daily volume of fresh supplies (production plus forecast imports) during October and November 2014 are forecast to be down by about 1% relative to the average daily supplies in June and July 2014. That is a similar decline supplies over that period as has been the case on average during the past nine years. Based on the allocations and likely imports, supplies will be typical to what they normally are during the summer to fall period.
- Imports remain well below prorate but that is not unusual for the time of year. TRQ imports are well above year ago levels and price differentials between Canada and the U.S. are favoring more imports. Imports should be increasing sharply in the coming weeks.

**Ontario Processor Margin Index Relative to 2009-2013 Average**

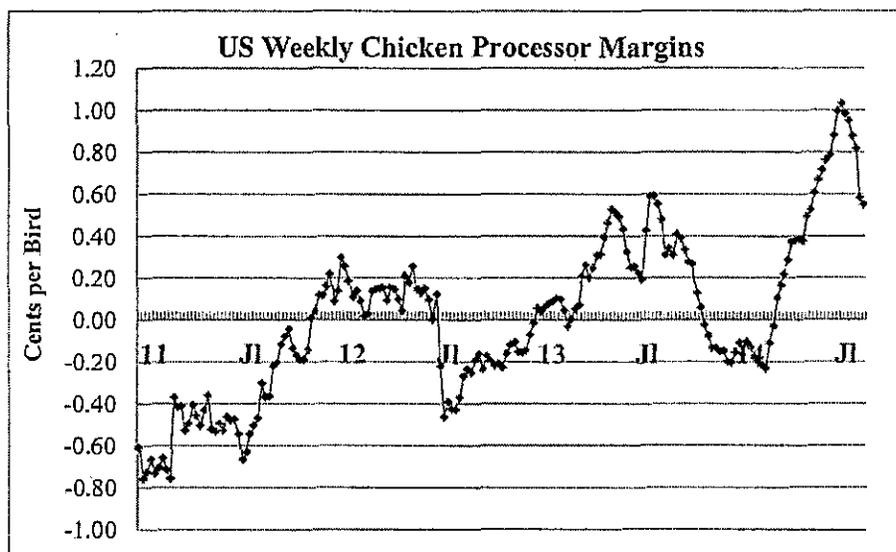
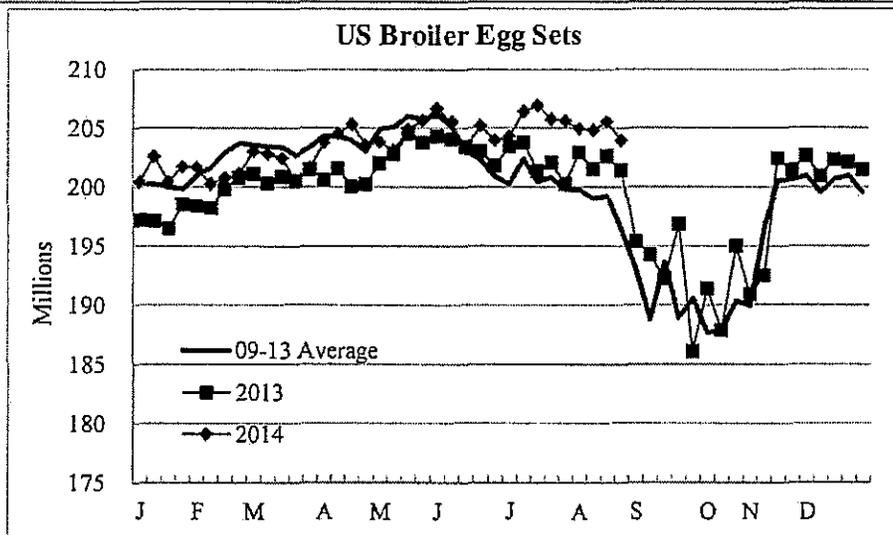


**Canada-US Breast Composite Spread**



**United States Production, Exports and Prices**

- USDA estimates the third and fourth quarter's 2014 production should be up just 1% compared to last year. The department is scaling back its production increase estimates.
  - Based on the egg sets, it appears that USDA's forecasts are reasonable.
    - The broiler type hatching egg layers flock was up 2% in July compared to 2013. On a year to date basis the flock is up 2%.
    - US production levels should be supportive to Canadian pricing.
- US processor margins have put in a strong performance in late July and August.
  - These strong production margins are usually an indicator of more robust production potential but the flock data shows no signs of any notable increases.
- USDA is forecasting that exports will be flat in the third quarter but down sharply in the fourth compared to last year. Last year was a record year for U.S. broiler exports.
  - U.S. exports should be neutral to the overall chicken market in the third and fourth quarters



**Seasonal Pricing in Canada**

The following is a summary of the HISTORICAL seasonal changes in pricing from 2009 through 2013 for Canadian breasts, wings, legs and the total composite from July to Nov.

- Breasts: -2%
- Wings: 7%
- Legs: 3%
- Composite Cutout: 1%

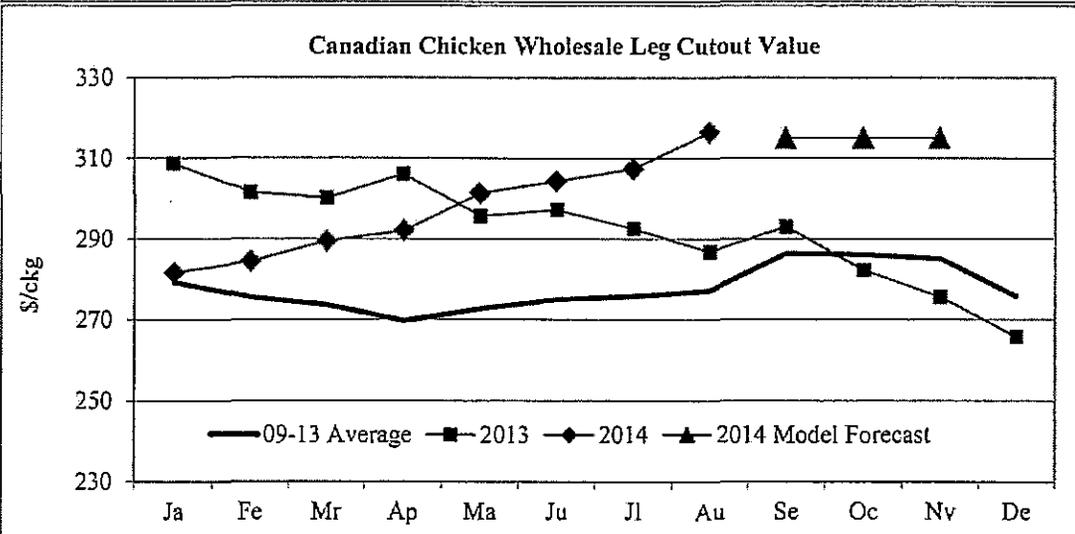
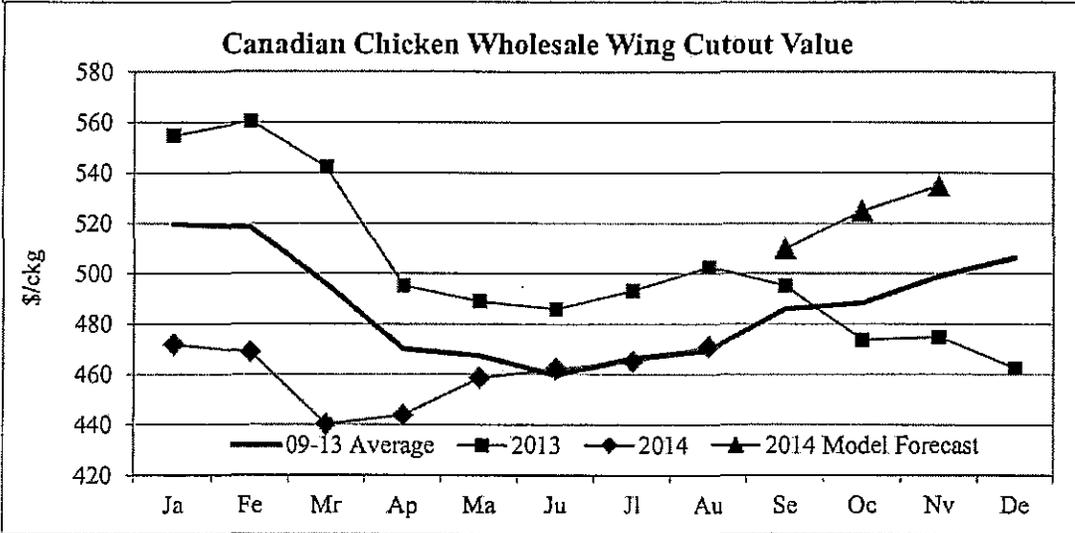
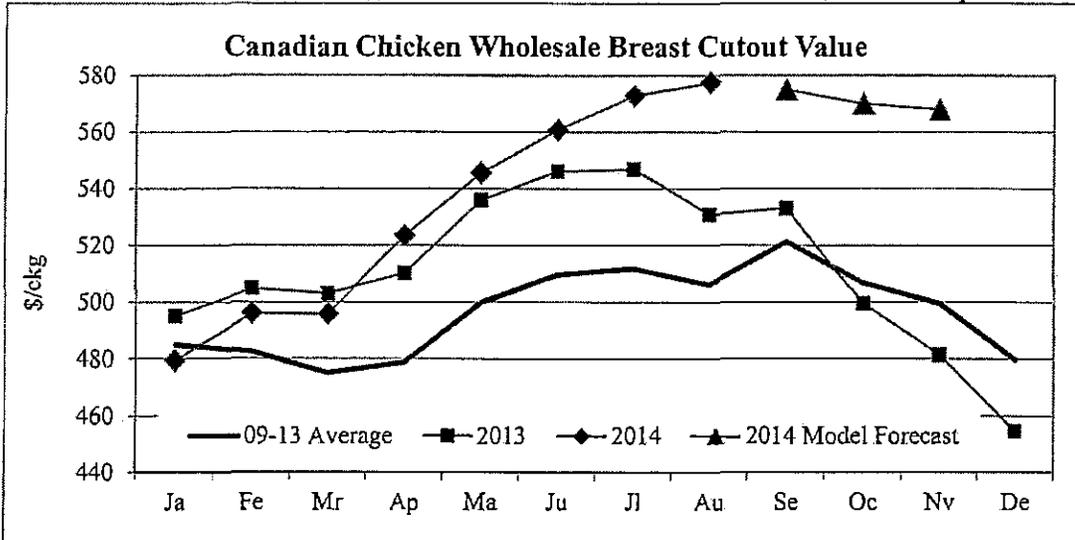
**George Morris Centre Chicken Model Price Forecasts<sup>1</sup>**

The following are the George Morris Centre model forecasts for June to Oct:

- Breasts: -1% (at seasonal norms)
- Wings: 15% (well above seasonal norms)
- Legs: 2% (at seasonal norms)
- Composite: 0% (at seasonal norms)

<sup>1</sup> The George Morris Centre (GMC) has developed a model that incorporates previous price, supplies, demand, and US chicken prices as explanatory or predictive variables for chicken prices in Canada. The model is based on monthly CFC, Statistics Canada, and GMC data collected over the last ten years.

The graphs below show the trends in the whole leg, wing and breast cutouts for 2013, 2014, the five year average from 2009-2013 and the forecast for September through November 2014. The data and forecasts are based on the CFC data series and are index values, *not actual prices*.

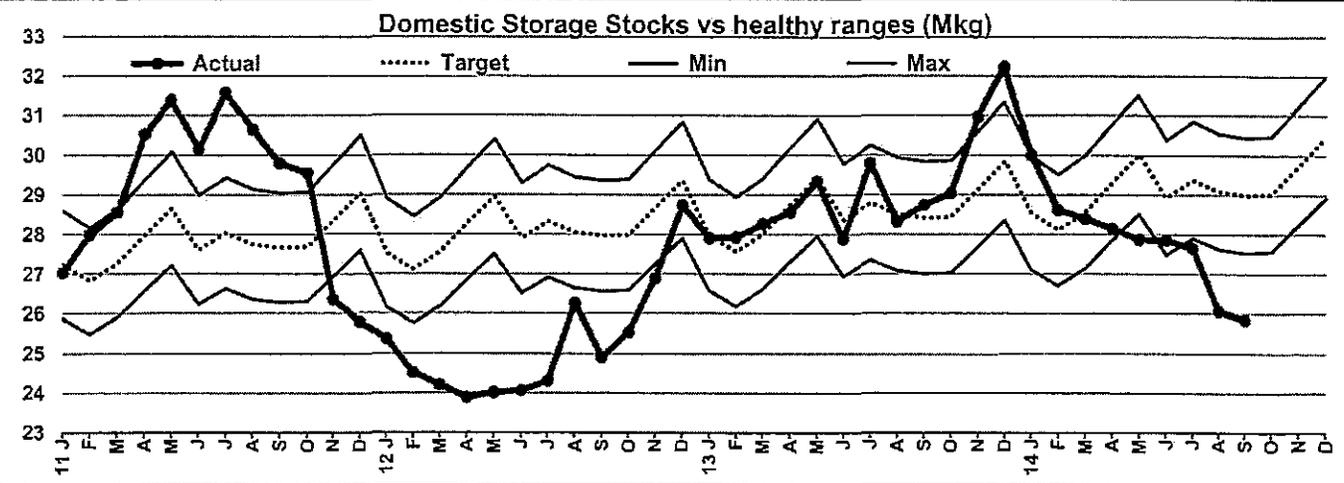
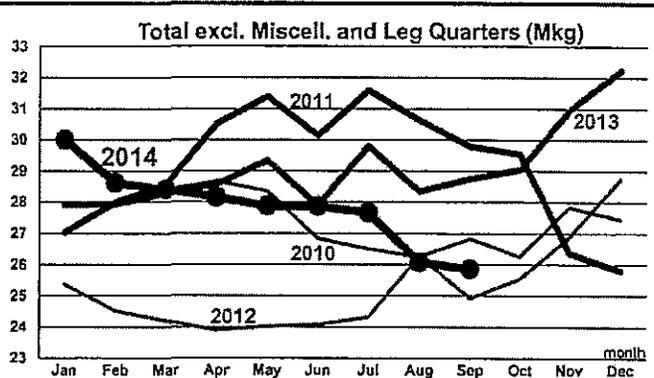
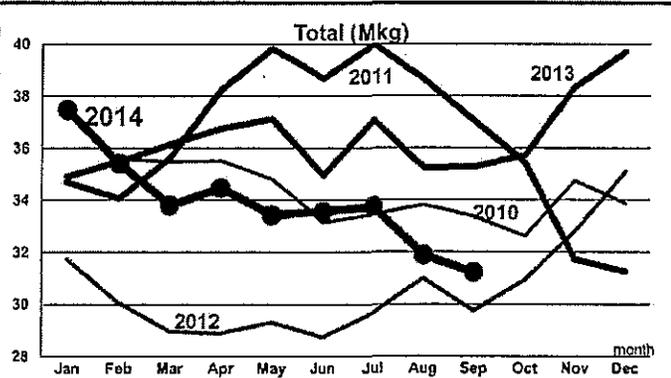
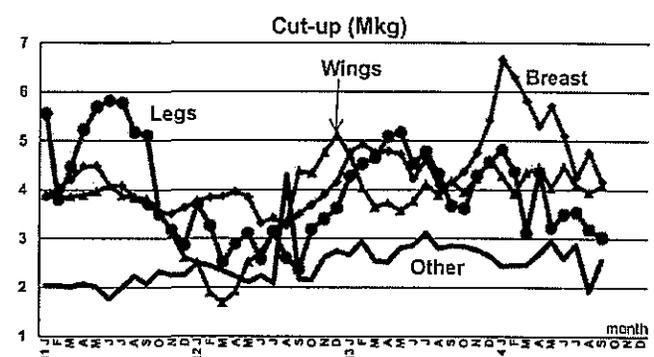
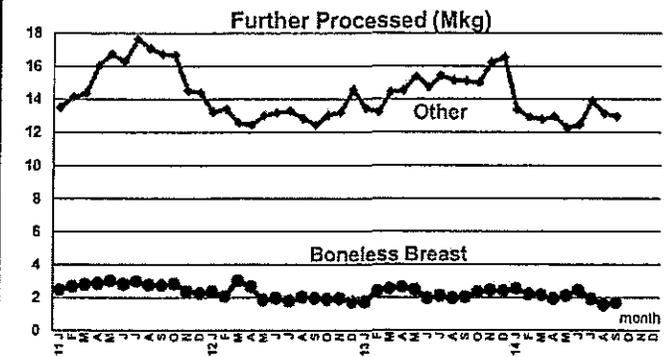
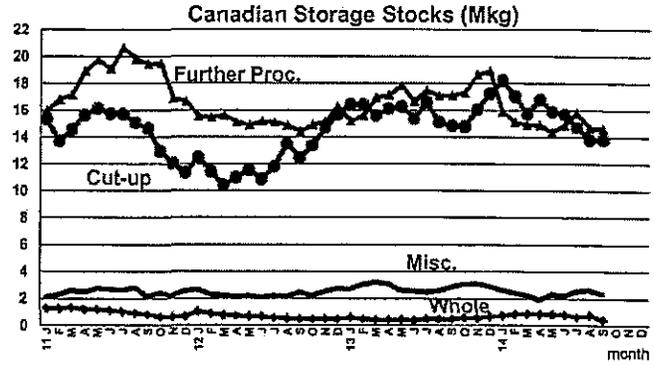


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## Annex 2

**Canadian Chicken Storage Stocks (Source: AAFC)**

000 KG	Sep-14	Aug-14	Change	Sep-13	Change	Sep-12
<b>TOTAL</b>	<b>31,213</b>	<b>31,885</b>	<b>-2.1%</b>	<b>35,271</b>	<b>-11.5%</b>	<b>29,742</b>
<b>excl. Misc. &amp; lq</b>	<b>25,847</b>	<b>26,062</b>	<b>-0.8%</b>	<b>28,740</b>	<b>-10.1%</b>	<b>24,907</b>
<b>Whole</b>	<b>417</b>	<b>758</b>	<b>-45.0%</b>	<b>459</b>	<b>-9.1%</b>	<b>458</b>
<b>Cut-Up</b>	<b>13,839</b>	<b>13,816</b>	<b>0.2%</b>	<b>14,849</b>	<b>-6.8%</b>	<b>12,432</b>
CU - Legs	3,029	3,188	-5.0%	3,672	-17.5%	2,366
CU - Breasts	4,167	4,755	-12.4%	4,146	0.5%	3,506
- Bnis Breasts	3,249	3,654	-11.1%	2,708	20.0%	2,677
- Other Breasts	919	1,101	-16.6%	1,438	-36.1%	829
CU - Wings	4,081	3,948	3.4%	4,173	-2.2%	4,388
CU - Other	2,561	1,926	33.0%	2,858	-10.4%	2,172
<b>Further Proc.</b>	<b>14,620</b>	<b>14,675</b>	<b>-0.4%</b>	<b>17,104</b>	<b>-14.5%</b>	<b>14,383</b>
FP - Breasts	1,682	1,541	9.1%	2,004	-16.1%	1,945
FP - Other	12,938	13,134	-1.5%	15,101	-14.3%	12,437
Miscellaneous	2,337	2,635	-11.3%	2,858	-18.3%	2,469



September 19, 2014

\* Annual target values for domestic stocks are calculated using the ratio between annual domestic production and average yearly domestic stocks, using the most recent seven years of data. Monthly stock seasonality factors, also calculated using the most recent seven years (2007-2013) of data, are then applied to the annual target to calculate the monthly targets. Healthy Ranges are set 5% above and below the monthly target.

## Annex 3

## Summary of Base Allocations (kg evis.) for 2014-2015

	Period A-127 (November 2, 2014 - December 27, 2014)			Period A-128 (December 28, 2014 - February 21, 2015)			Period A-129 (February 22 - April 18, 2015)		
	Initial Base	Adjustment	Adjusted Base	Initial Base	Adjustment	Adjusted Base	Initial Base	Adjustment	Adjusted Base
	BC	21,828,692	-136,192	21,692,500	22,048,258	14,242	22,062,500	22,838,983	220,017
AB									
SK	5,362,246	-45,000	5,317,246	5,436,743	-25,000	5,411,743	5,631,724	0	5,631,724
MB	6,324,257	-100,000	6,224,257	6,386,016	0	6,386,016	6,615,040	0	6,615,040
ON	49,715,045	-35,060	49,679,985	50,238,778	-6,581	50,232,197	52,040,512	-670,390	51,370,122
QC	40,495,460	-28,086	40,467,374	40,906,534	10,650	40,917,184	42,373,582	-529,488	41,844,094
NB	4,281,517	-4,236	4,277,281	4,322,446	2,378	4,324,824	4,477,464	-54,668	4,422,796
NS	5,291,707	55,133	5,346,840	5,400,408	-18,378	5,382,030	5,594,085	-91,888	5,502,197
PE	566,771	14,009	580,780	567,747	13,033	580,780	588,109	-7,329	580,780
NL	2,091,310	0	2,091,310	2,119,588	0	2,119,588	2,195,604	0	2,195,604
<b>CANADA</b>	<b>135,957,005</b>	<b>-279,432</b>	<b>135,677,573</b>	<b>137,426,518</b>	<b>-9,656</b>	<b>137,416,862</b>	<b>142,355,103</b>	<b>-1,133,746</b>	<b>141,221,357</b>

	Period A-130 (April 19 - June 13, 2015)			Period A-131 (June 14 - August 8, 2015)			Period A-132 (August 9 - October 3, 2015)		
	Initial Base	Adjustment	Adjusted Base	Initial Base	Adjustment	Adjusted Base	Initial Base	Adjustment	Adjusted Base
	BC	23,017,088	319,912	23,337,000	22,968,578	75,422	23,044,000	22,949,152	-493,401
AB									
SK	5,675,003	35,000	5,710,003	5,663,041	35,000	5,698,041	5,658,890	0	5,658,890
MB	6,668,781	50,000	6,718,781	6,654,730	50,000	6,704,730	6,646,949	0	6,646,949
ON	52,444,522	1,023,006	53,467,528	52,333,987	27,661	52,361,648	52,291,541	-338,636	51,952,905
QC	42,744,107	808,452	43,552,559	42,654,105	-2,353	42,651,752	42,577,981	-259,175	42,318,806
NB	4,519,216	84,159	4,603,375	4,509,706	-1,543	4,508,163	4,499,061	-26,090	4,472,971
NS	5,686,332	36,755	5,723,087	5,674,450	73,510	5,747,960	5,621,069	-55,132	5,565,937
PE	586,179	-5,399	580,780	584,929	-4,149	580,780	590,945	-10,165	580,780
NL	2,204,245	0	2,204,245	2,199,581	0	2,199,581	2,206,195	0	2,206,195
<b>CANADA</b>	<b>143,545,473</b>	<b>2,351,885</b>	<b>145,897,358</b>	<b>143,243,107</b>	<b>253,548</b>	<b>143,496,655</b>	<b>143,041,783</b>	<b>-1,182,599</b>	<b>141,859,184</b>

Printed:

July 8, 2014

**TAB 19**

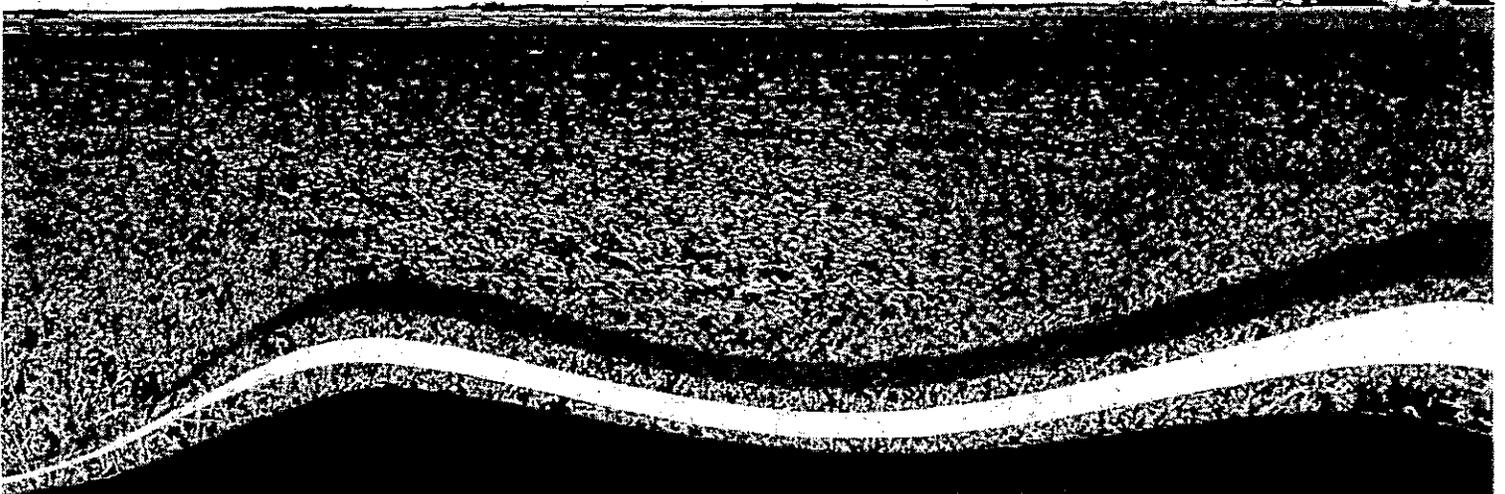


Farm Products Council  
of Canada

Conseil des produits agricoles  
du Canada

# COMPLAINT COMMITTEE'S FINAL REPORT AND RECOMMENDATIONS

SEPTEMBER 2015



FARM PRODUCTS COUNCIL OF CANADA

Canada

# COMPLAINT COMMITTEE'S FINAL REPORT AND RECOMMENDATION

## IN THE MATTER OF THE INQUIRY INTO THE COMPLAINT BY THE AGRIFOOD COUNCIL OF SASKATCHEWAN AGAINST CHICKEN FARMERS OF CANADA CONCERNING THE QUOTA ALLOCATION SET FOR PERIOD A-133

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The Complaint Committee was established pursuant to paragraph 7(1)(f) of the *Farms Products Agencies Act* (FPAA) and was mandated to investigate the complaint brought forward by the Saskatchewan Agri-Food Council (AFC) against the methodology employed by the Chicken Farmers of Canada (CFC) in setting the allocation for the A-133 period.

The role of the Complaint Committee was to collect evidence from both Parties to determine what recommendation, if any, with respect to the complaint brought forward by AFC on CFC's proposed A-133 allocation, may be made to the Farm Products Council of Canada (FPCC).

The Committee held an informal meeting on August 4, 2015, where in addition to previously received written material from the Parties, the Committee heard supplementary evidence presented by the Parties.

### Summary of AFC's Position

In setting the allocation for A-133, CFC used a new growth quota distribution (GQD) mechanism to distribute growth quota to provinces without the support from all twenty signatories to Schedule B of the Federal-Provincial Agreement (FPA) for Chicken. Schedule B is also referred as the Operating Agreement (OA). AFC claims that if the proposed allocation for A-133 is approved by the FPCC, Saskatchewan would incur economic loss in the form of lost chicken production and an undersupplied processing sector.

Additionally, CFC did not appear to have in place any written formal allocation protocols for setting national allocations. The lack of formal written protocols raises serious concerns with Saskatchewan with respect to the transparency and legitimacy of the allocation process.

AFC requests that FPCC not approve the allocation for A-133 and directs CFC to distribute future growth on a *pro rata* method. As an alternative, AFC requests that FPCC directs that Saskatchewan not be bound by any allocation that is based on the new GQD mechanism and that Saskatchewan be allocated its *pro rata* share of any allocation.

The Committee noted that the allocation methodology documented in the OA is a "bottom-up" methodology. The provincial boards consult with processors in their province to determine the market requirements for the province and submit these market requirements to CFC. CFC will determine the quota allocation having regard to the market requirements submitted by each province. This approach allows for provinces to be allocated quota at different growth rates but since 2005, the Agency has allocated quota based on a *pro rata* methodology.

AFC is also requesting that FPCC direct CFC to comply with its existing protocols with respect to the process in setting an allocation. Any change in this process should be first reviewed by CFC's Policy Committee and introduced to the Board at a later meeting.

### **Summary of CFC's Position**

CFC views the allocation setting decision for A-133 as a considered, consensus-driven approach. CFC does not agree with AFC that the OA mandates the setting of the allocation on a *pro rata* basis. Alberta signatories withdrew from the FPA due to allocations being set on a *pro rata* basis rather than based on differential growth.

A memorandum of understanding (MOU) was agreed to by all ten provincial chicken boards and CFC in November 2014, which incorporated an allocation methodology including elements designed to reflect comparative advantage of production. The MOU is now being drafted as an amendment to the OA. The intent is to have support of the OA amendments from all ten provincial commodity boards before circulating the OA amendments to the supervisory boards. CFC agrees that an amended OA, approved by all signatories, is necessary to ensure the long-term sustainability of the supply management system for chicken. Until this agreement is reached, CFC believes it has the responsibility to set allocations to take into account market requirements as well as the views of the stakeholders.

CFC disagrees that the approval of A-133 would result in economic loss to Saskatchewan and an undersupplied processing sector. CFC provided data indicating that for allocations A-127 to A-133, Saskatchewan chicken producers received for each period an allocation that exceeded the volume requested by Saskatchewan chicken processors.

CFC disagrees with AFC's claim that the process followed by CFC lacked transparency and legitimacy as the process followed is not in a policy. CFC states that they do have a policy for setting allocation and this policy was followed when A-133 was set. In addition, this policy affords all provincial boards the opportunity to participate. Prior to setting the A-133 allocation, there was extensive input from all provincial commodity boards as well as industry organizations.

With respect to the relief sought by AFC, CFC's view is that all but one (for FPCC to not approve the A-133 allocation) request goes beyond FPCC's authority. The FPCC cannot dictate to CFC that the Agency must allocate using a *pro rata* methodology. Nor can FPCC relieve Saskatchewan of its responsibilities of respecting the quota set by CFC.

### **The Complaint Committee's Findings**

The Committee concurs with the AFC that not all twenty signatories have indicated their support for the new GQD mechanism. However, the Committee rejects the notion that certain signatories' silence may be construed as opposition to the GQD mechanism.

The Committee is of the view that CFC and the provincial chicken boards have invested a significant amount of time and resources into investigating alternative distribution schemes that incorporate, in some fashion, comparative advantage of production. CFC did not single-handedly arrive at the methodology used in allotting quota to provincial boards; all provincial boards were in agreement as can be shown by the signatures of the ten provincial chairs on the MOU signed in November 2014.

Prior to the A-127 period, for the six periods starting with period A-121, CFC had already ceased setting the allocation of 100 percent of quota on a *pro rata* basis. While, prior to period A-121, allocations had been set on a *pro rata* basis, in the Committee's view, this approach was not consistent with the intent of the redrafted 2001 FPA and associated schedules, which allowed for differential growth amongst provinces to be considered in allocation setting.

In the view of the Committee, allocating solely on a *pro rata* basis is not in conformity to subsection 23(2) of the FPAA:

23.(2) In allocating additional quotas for anticipated growth of market demand, an agency shall consider the principle of comparative advantage of production.

*Pro rata* distribution of CFC's allocation, in the Committee's view, is not consistent with CFC's objects as outlined in section 21 of the FPAA:

21. The objects of an agency are:

- (a) to promote a strong, efficient and competitive production and marketing industry for the regulated product or products in relation to which it may exercise its powers; and
- (b) to have due regard to the interests of producers and consumers of the regulated product or products.

It is the Committee's view that CFC is obligated to distribute the volume of chicken allocated above the base shares in consideration of the principle of comparative advantage of production. The *Chicken Farmers of Canada Proclamation* constitutes subordinate legislation as the authorities for this document are derived from the FPAA and the OA is incorporated by reference in CFC's Proclamation. The Committee further believes that CFC has the discretion with setting allocation to the extent that subsection 23(2) is respected.

With respect to the claim that Saskatchewan chicken producers will incur an economic loss and that chicken processors in Saskatchewan will be under-supplied, the Committee is of the view that the AFC did not successfully demonstrate that the processing sector will be undersupplied. For allocations A-127 through A-133, processors in Saskatchewan requested from Chicken Farmers of Saskatchewan 40.250 million kg eviscerated. CFC accordingly allocated Saskatchewan 40.412 million kg eviscerated, 0.162 million kg eviscerated above the amount requested by processors.

Therefore, in the Committee's view, the AFC did not demonstrate the economic impact of the loss of chicken production in Saskatchewan as a result of the new QGD mechanism for allocation period A-133.

With regard to the second issue brought by the AFC, the Committee disagrees with the AFC's claim that, because CFC does not follow any written formal allocation protocols, provinces are not able to participate fully in the allocation process and supervisory boards are not able to fulfill their roles.

FPCC staff, as well as Council members attending CFC meetings where allocations are discussed, have repeatedly reported that during CFC meetings, the Chair offers ample time for discussion on allocation. They also report that all provinces and downstream stakeholders are actively encouraged to participate in discussions at CFC's allocation meetings.

### **Relief Sought by AFC**

Other than the request by the AFC that FPCC not approve the A-133 allocation, the relief sought by AFC exceeds the powers of the FPCC's as detailed in section 7 of the FPAA.

It is the Committee's understanding is that FPCC does not have the authority to direct CFC on how to distribute allocation.

### **AFC as a Signatory to the FPA for Chicken**

Although not directly linked to the complaint, during the Informal Meeting of August 4, 2015, CFC queried whether the AFC had the authority to enter into the FPA, which contains the OA. AFC indicated such authority exists and after a request by the Committee, AFC provided in its letter of August 11, 2015, to the Chair of the Complaint Committee, as evidence of its legal authority to enter into an FPA, copies of the provincial act, *The Agri-Food Act, 2004* and a regulation, *The Agri-Food Regulations, 2004*. CFC reviewed the documentation and, in a letter dated August 12, 2015, stated that, pursuant to the MOU dated July 16, 2001, once the AFC notifies the other FPA signatories, it will automatically become a signatory to the FPA.

### **The Complaint Committee's Recommendation to FPCC**

Based on the evidence and the findings, the Complaint Committee believes there is insufficient merit in the Complaint to warrant the Committee providing specific comments to FPCC regarding their upcoming consideration of the A-133 allocation.

The Committee is of the view that supply management is a successful public policy that is based on cooperation between numerous parties with various interests. Having a Member province not in agreement to a major policy is not ideal for the long-term stability of the sector. The Committee recommends to FPCC that they encourage CFC and AFC to continue discussions to find an acceptable solution to this issue.