



January 20, 2022

Peter Donkers
Chair
BC Farm Industry Review Board

Re: BC Chicken Marketing Board Request for Prior Approval to Amend the Quota Period A-174 Mainstream Pricing Formula

The BC Chicken Marketing Board has completed its consultations and due diligence on the proposed Amendment to the A-174 Mainstream Pricing Formula. Please find attached the Board's Schedule 15 Board Decision for your review in considering the Board's request for prior approval of the amendment. Based on the linkage agreement formula, the proposed amendment to the formula yields a \$0.072/kg increase to the current formula live price for Quota Period A-174; from \$1.951/kg to \$2.0129/kg with the a resulting cost recovery of 95.33%.

Sincerely,

Harvey Sasaki
Chair

c.c. Jim Collins, BC Broiler Hatching Egg Commission
Blair Shier, President, Primary Poultry Processors of BC
Dale Krahn, President, BC Chicken Growers Association
Angela Groothof, President, BC Broiler Hatching Egg Producers Association
John Franck, President, BC Egg Hatchery Association
Kirsten Pedersen, Executive Director, BC Farm Industry Review Board
Stephanie Nelson, Executive Director, BC Broiler Hatching Egg Commission
Wendy Holm, BCFIRB Pricing Liaison

Schedule 15
(Part 55)
(Section 55.4)

Board Decision or Determination

Form B

attach applicable Forms A, if available

A-174 Mainstream Pricing Formula amendment to address extra-ordinary feed cost increase

1. Date(s) of this decision:

BCCMB proposal to PPAC on January 14, 2022

Final decision on **January 19, 2022**

2. Members of Board present for decision:

H. Sasaki, DA Janzen, R. Nickel, B. Vanderspek and C. Paulson

3. What sources of information did the Board consider in coming to its decision?

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Form A - Application for Decision or Determination

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Board Staff's Briefing Note

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Applicant's oral submissions

[X]

Board's Orders (give reference numbers, if applicable):

Schedule 19 – Pricing Model

Schedule 2

[X] Other (explain):

- 2022-01-18 – letter from PPPABC re: Request for immediate input – changes to BC Live Price Formula
 - 2022-01-18 – letter from BCCGA re: Approval to include an adjustment of 50% of the amount exceeding the upper guardrail for A-174
 - 2022-01-19 – letter from BCCGA re: a note on the A-174 Exceptional Circumstance PPAC Meeting. BCCGA key points and numbers
 - 2021-11-25 – letter from BCCMB to PPAC re: A-173 Exceptional Circumstances
 - 2022-01-14 – letter from BCCMB to PPAC re: immediate input for A-174
 - 2021-12-14 letter from PPPABC re: potential modification to A-174 BC Live Pricing Formula.
 - 2021-12-24 letter from PPPABC re: A-174 Exceptional Circumstances – Addendum
 - 2022-01-11 letter from PPPABC re: potential modification to A-174 BC Live price and Changes to ONCOPF plus appendix 1 – CFO letter to Producers
 - 2021-12-20 – letter from BCCGA re: Proposed Live Price re: variation for Exceptional Circumstances.
 - Serecon – Ontario Chicken Pricing sleeve Calculations
 - A-174 with and without catching cost increase
 - A-173
 - Manitoba's posted Live Price for A-173
 - Manitoba's posted Live Price for a-174
 - Saskatchewan's posted Live Price for A-173
 - Saskatchewan's posted Live Price for A-174
 - Alberta's posted Live Price for A-173
 - Alberta's posted Live Price for A-174
 - B.C.'s Live Price for A-173
 - B.C.'s Live Price for A-174
 - Ontario's posted Live Price for A-173
 - Ontario's posted Live Price for A-174
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- 2022-01-14 – BCCMB current FCR
 - BCCMB graph – Prairie Provinces Posted Price Differential over BC from A-097 to a-174
 - BCCMB graph – BC Posted Price with and without guardrails and Western Provinces Posted Price Differentials over Ontario from A-169 to A-174

4. What is the Board's decision?

The Board has made the decision to request prior approval from BCFIRB to amend the current BC Live Price formula commencing in Quota Period A-174 (shipments January 16, 2022) based on:

Ontario Price based on the weight category of 2.45 to 2.65 kilograms. It will **NOT** include the \$0.012 per kilogram CFO modular loading cost recovery; CFO AI Insurance recover of \$0.0015; OBHEC chick levy of \$0.0006. .

Plus

75% of the difference in feed and chick costs per kilogram of live chicken between BC and Ontario. It will not be based on a 6 period rolling average.

Plus

\$0.04 per kilogram which is the current catching cost. Increases or decreases in the price of catching must be approved by the BCCMB in advance. If approved, these increases or decreases will be reflected in the live price as was the case for A-174 when the processors and catching crews reached an agreement to increase the price by \$0.0035 (an increase from \$0.0365 cents to \$0.0400/kg).

Plus

Guardrails will be set at a maximum of \$0.1284 and a minimum of \$0.1005 (reflecting the new catching costs effective in quota period A-174).

Plus [the proposed amendment to the A-174 formula]

A provision to cover 50% of the current formula costs exceeding the upper guardrail to address the continued escalation of feed ingredient costs facing BC growers.

5. Why did the Board come to this decision?

The BCCMB is committed to the concept of principle-based regulation (PBR) and outcome based decision making through SAFETI (Strategic Accountable, Fair, Effective, Transparent, Inclusive) initiatives as directed by FIRB. These initiatives support good governance in the regulated marketing sector.

SAFETI has been applied at all stages of the decision-making process: information gathering, analysis of risks and opportunities, options development and evaluation through to the final decision of the Board.

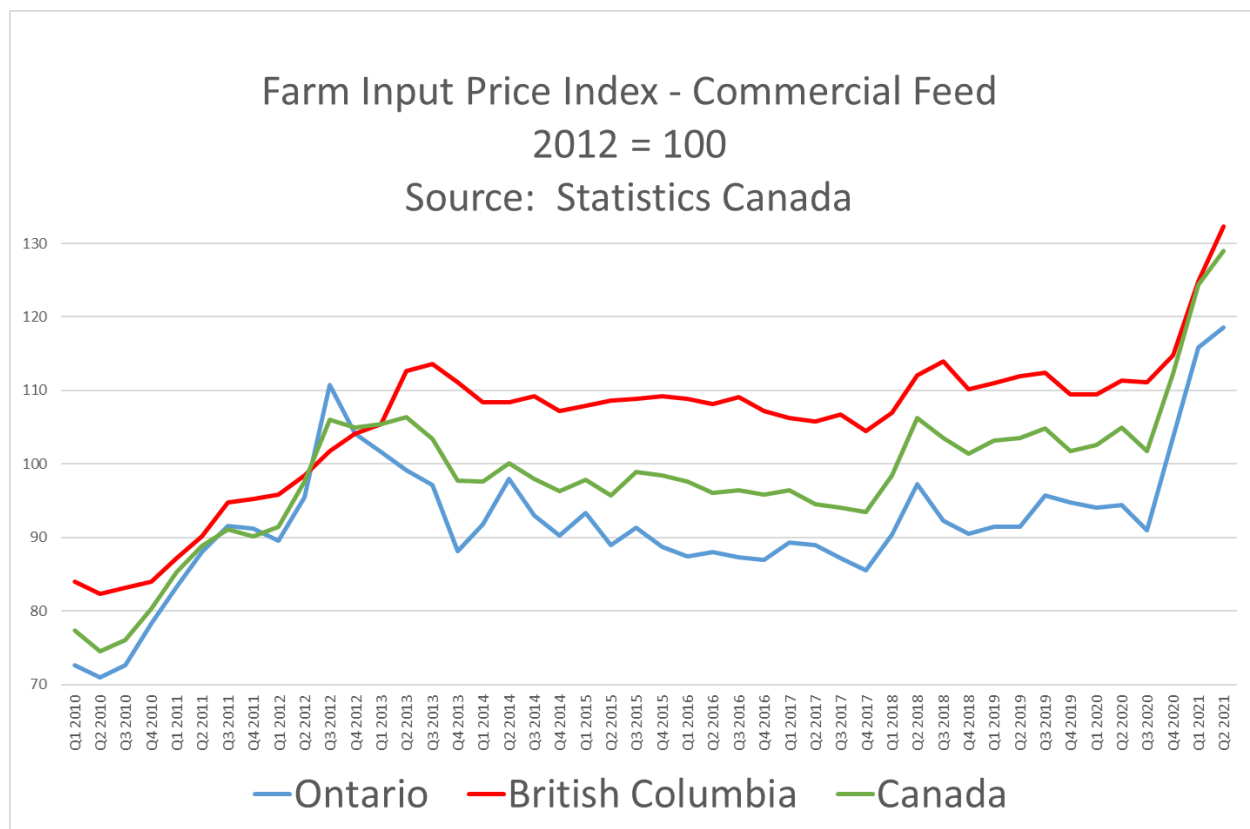
In accordance with the Board's decision letter dated November 25, 2021 on the A-173 request for Exceptional Circumstances in which the Board served notice "to BCFIRB of its intension to

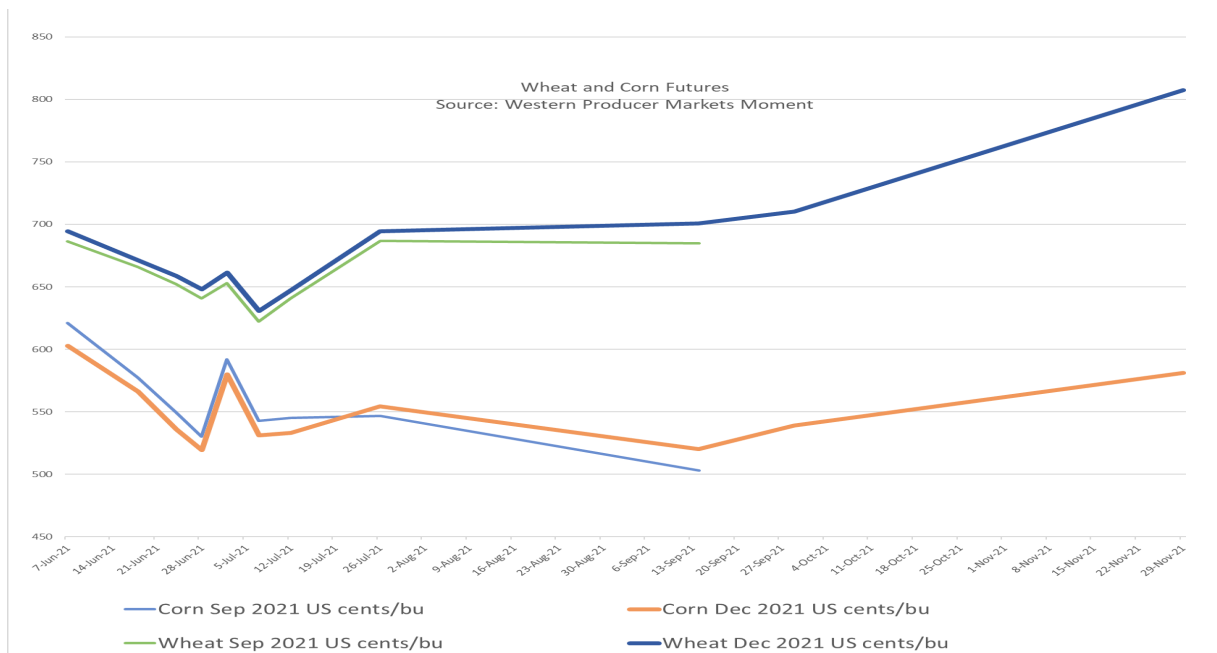
propose amendments to the existing formula for the BCFIRB Review Panel’s prior approval for Quota Period A-174”, the Board requested and received input from members of the Pricing and Production Advisory Committee (PPAC). The Board discussed the provided input from the PPAC, then arrived at its decision after due consideration and fulsome discussion.

The submissions of the Growers and Processors are attached.

Feed is the most significant cost in growing broiler chicken in BC, typically accounting for approximately 45% of the total cost of production (Serecon COP). Currently feed costs account for 50% of the total cost of production. There is a difference in the main ingredients used in feed rations in BC and Ontario. Corn production in Ontario provides the basis for a corn-based ration. The lack of corn production in Western Canada makes wheat the main ingredient in BC feed rations.

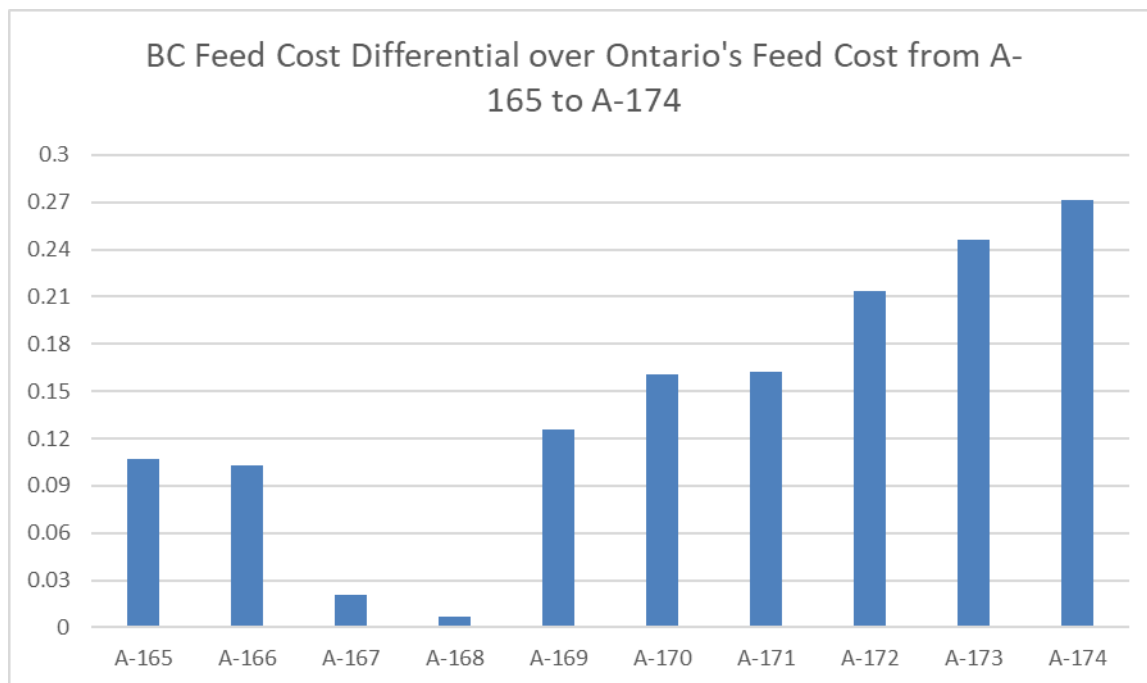
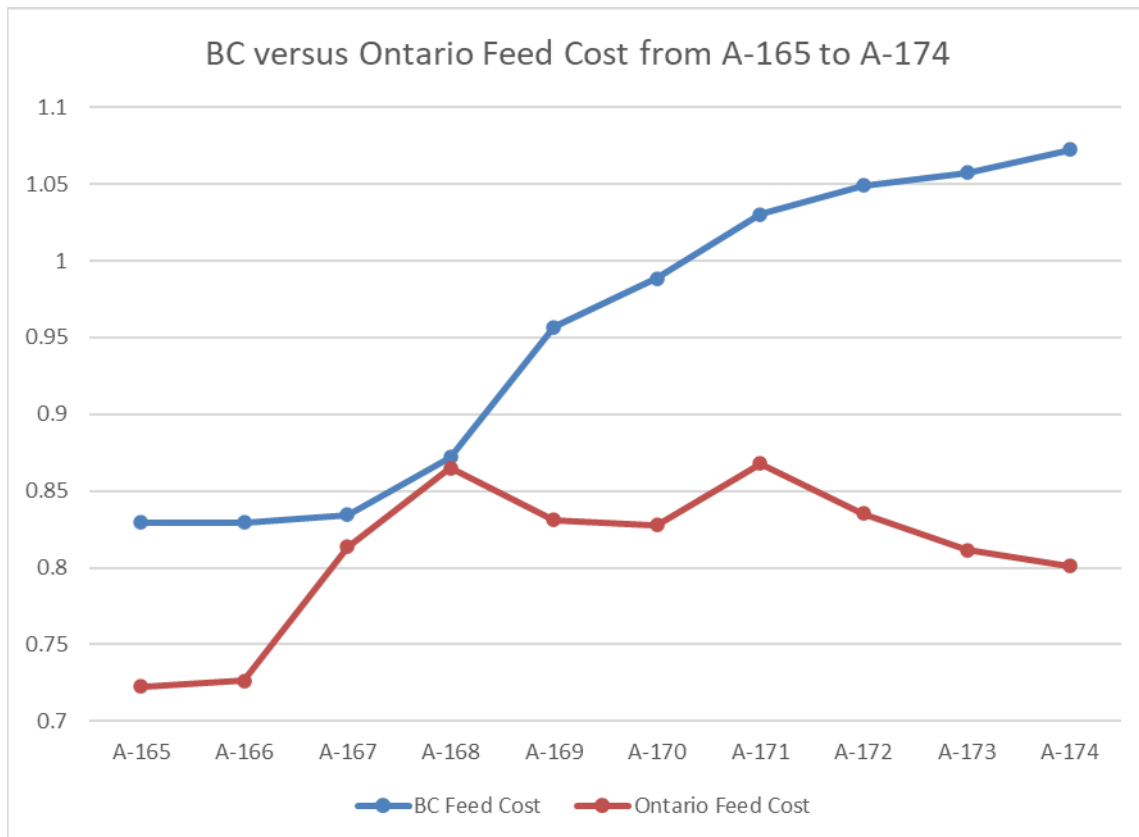
Typically, corn and wheat price trends track in parallel, with wheat prices being higher than corn (see graph below). There are times when the two ingredients are not in sync and diverge, due to government policies that incent one commodity over the other (ethanol production from corn) or weather conditions affecting crop production or world supply/demand relationships. We are currently in a phase where wheat is short in supply and driving higher prices relative to corn.





Over the course of 2021, the price of feed ingredients has been a cause for concern of the Board. Commencing in Quota Period A-167, the Ontario feed cost increased from \$0.7263/kg to \$0.8136/kg; a 12% period over period increase (\$0.0873/kg) due primarily to rising corn prices. During the same period in BC the feed cost increase was very minor in comparison; \$0.8294/kg in Quota Period A-166 and \$0.8344/kg in Quota Period A-167 (0.6% or \$0.005/kg). The lower BC feed cost was due to lower wheat prices in the west which lag behind corn in price movement over time. This divergence in corn/wheat prices provided a direct benefit to growers as the BC live price formula yielded a \$0.0262/kg combined feed plus chick 75% cost differential over Ontario. The benefit to growers was \$0.0343/kg (the amount exceeding the lower guardrail after catching cost is deducted). In other words, the growers would have received a lower live price if not for the lower guardrails.

The feed cost increased another \$0.0513/kg in Ontario in Quota Period A-168, while the increase in BC feed price was only \$0.0377/kg. The effect in Quota Period A-168 was similar to Quota Period A-167; the combined feed plus chick 75% cost differential over Ontario was \$0.0203/kg, with growers benefiting from triggering the lower guardrail.



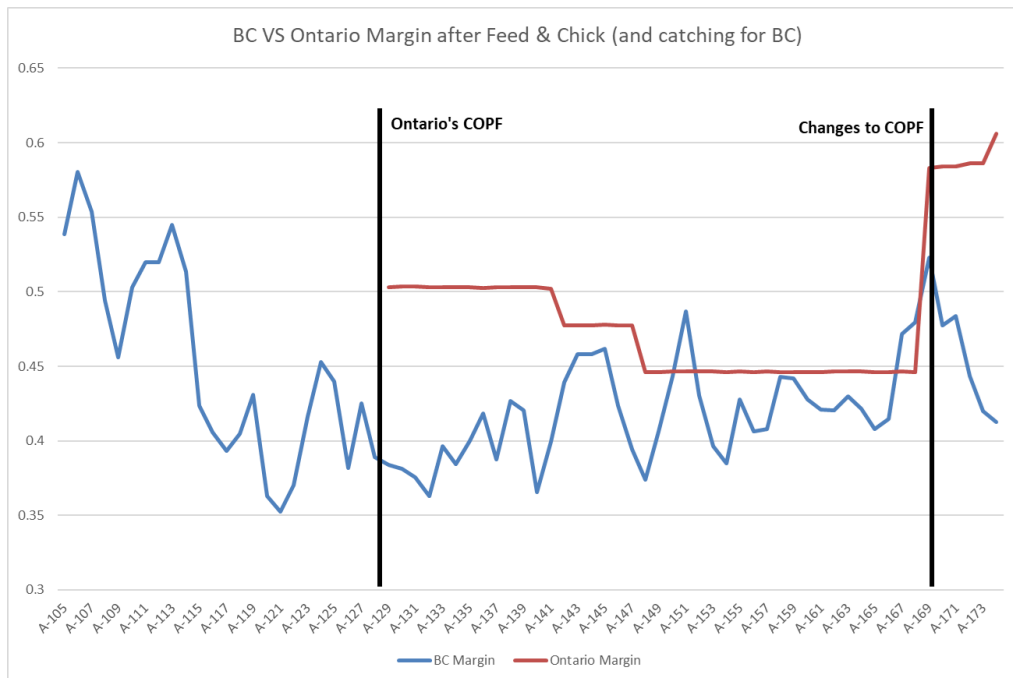
In A-169, two things emerged that resulted in the shift in impact of the corn/wheat price dynamic. First, the Chicken Farmers of Ontario changed the formula for calculating the live

price of chicken in Ontario. The second was the easing of corn prices in Ontario and the continued escalation of wheat prices in BC. The combined effect resulted in a significant jump in the BC feed and chick cost differential over Ontario. The magnitude of the impact was also affected by the Ontario reduction of the Feed Conversion Ratio (FCR) used to calculate the feed cost in Ontario.

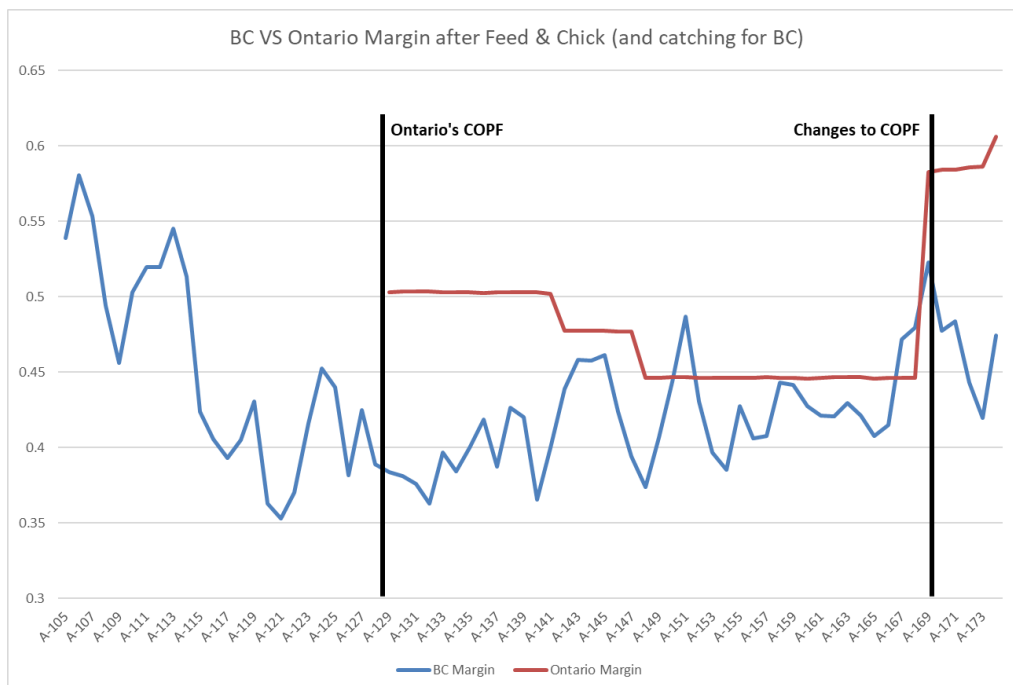
FCR is the measure used to calculate the amount of feed required to produce a kilogram of chicken. A lower FCR means lower cost of feed. So in Quota Period A-169, the lower feed cost in Ontario due to both a lower corn price and lower FCR combined with increased wheat cost in BC resulted in an increase in the combined 75% feed and chick cost differential \$0.1114/kg. When combined with the \$0.0365 catching cost, the upper guard rail of \$0.1249 was triggered. BC processors benefitted from the triggering of the upper guard rail; the BC live price was held at \$0.023/kg lower than would have resulted without the provision of guard rails.

It has been argued that the change in the Ontario pricing formula resulted in benefits that should have been shared between growers and processors. The change in the Ontario live price formula was to provide verifiable data in support of a grower cost-based approach to pricing. The prior Ontario formula used arbitrary values for adjustments to the live price not supported by verifiable data. The change resulted in an increase in the Ontario “producer margin” which was the intended purpose of the changes. The change was not intended to provide “benefit” to Ontario processors. Where the Ontario live price is used in provincial pricing formulas, the “benefit” was realized by growers as was the case in Ontario. To suggest that BC growers should accept a margin increase less than realized by growers in other provinces is suggesting that BC should strive to be the low-cost producer of chicken which is an unrealistic objective.

As illustrated in the following graph, BC growers saw an initial increase in margin after feed, chick and catching, but unlike Ontario growers, due to the higher cost of feed and the triggering of guard rails, BC grower margins are in decline as opposed to remaining stable.

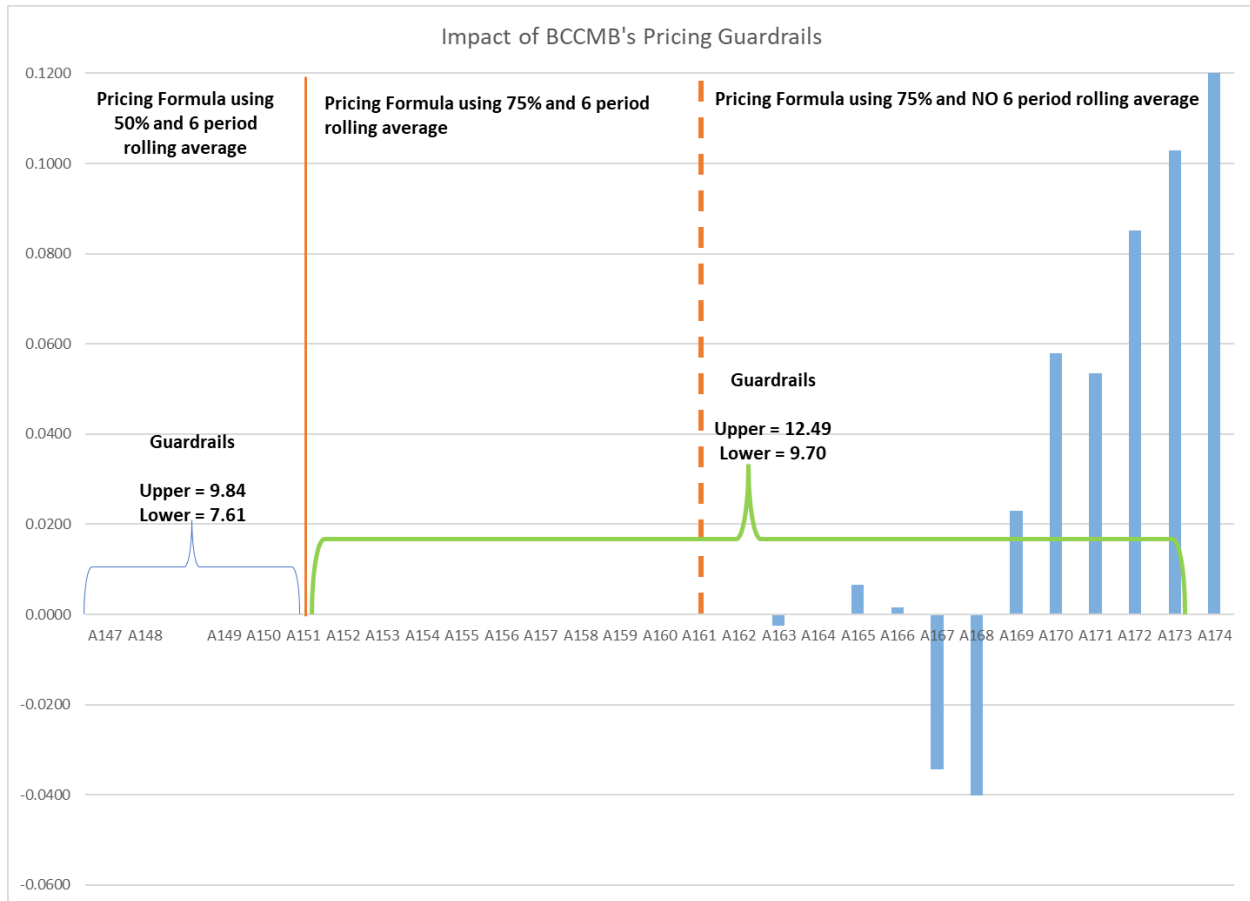


The above graph shows the BC vs Ontario margin after Feed & Chick if **no changes** are made to the current live price formula.



The above graph shows the BC vs Ontario margin after Feed & Chick **if the proposed amendments** to the live price formula is approved.

The impact of the continued escalation of feed costs in BC increased the combined 75% feed and chick cost differential to \$0.1463/kg (A-170); \$0.1418 (A-171); \$0.1735/kg (A-172); \$0.1912/kg (A-173); and \$0.2116/kg (A-174). This is despite efforts by BC feed companies to introduce lower cost corn into feed rations to mitigate feed price increases that would have resulted if rations remained dependent on wheat. As well, BC feed prices continue to escalate due to market conditions despite provincial government intervention with feed companies during the November 2021 Atmospheric River Event to not increase feed prices for a two-week period.



The Board denied the BC Chicken Growers Association request for variation for exceptional circumstances for pricing in Quota Periods A-173 and A-174 based on the lack of compelling verifiable data showing that irreparable harm would result from the Board pricing decisions. The Board did however recognize that the prolonged and continuing higher BC feed cost was demonstrating verifiable harm to growers.

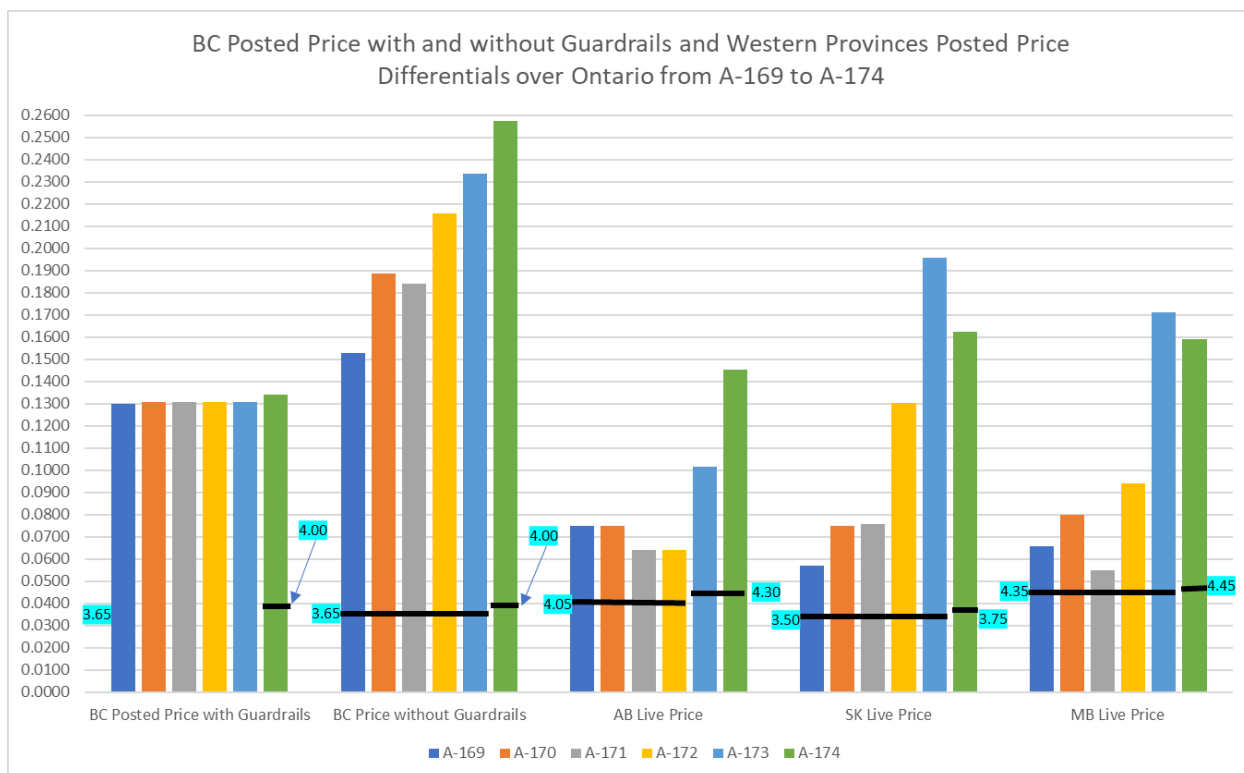
For 5 periods, from Quota Period A-169 to A-173, i.e. 40 weeks, BC growers received live prices that are below the price calculated by the current formula, due to the guardrail being in place. Continuing to apply the guardrail for a further period while feed prices continue to be

extraordinarily high means that growers would not have recovered the higher feed costs for a year, exemplifying the verifiable harm to growers.

The verifiable harm to growers is detailed in the BCCGA submission of January 19, 2022, where the upper guardrail is quoted to cost growers \$3,815,030 in Quota Period A-173, and \$4,945,079 in Quota Period A-174. Over \$8,750,000 loss in two cycles which is forecasted to continue through the historically high feed costs in BC. This total increases if the difference is considered for the past five quota periods starting with Quota Period A-169. There are no mechanisms for growers to recover these costs in the future.

The Serecon COP data used in calculating the feed and chick cost differentials is based on averages for the BC industry, resulting in costs based on 115,000 kg production per cycle. This “average” results in 60% of BC broiler farms being smaller than average. It is acknowledged that smaller farms do not have the same economies of scale as larger farms and have a different cost profile. More specifically, the 25+ mainstream New Entrant Growers are facing significantly higher cost profiles, particularly on Vancouver Island. They have very limited ability to “absorb” the additional feed cost difference not reflected in the BC live price and are extremely vulnerable with respect to continued operation.

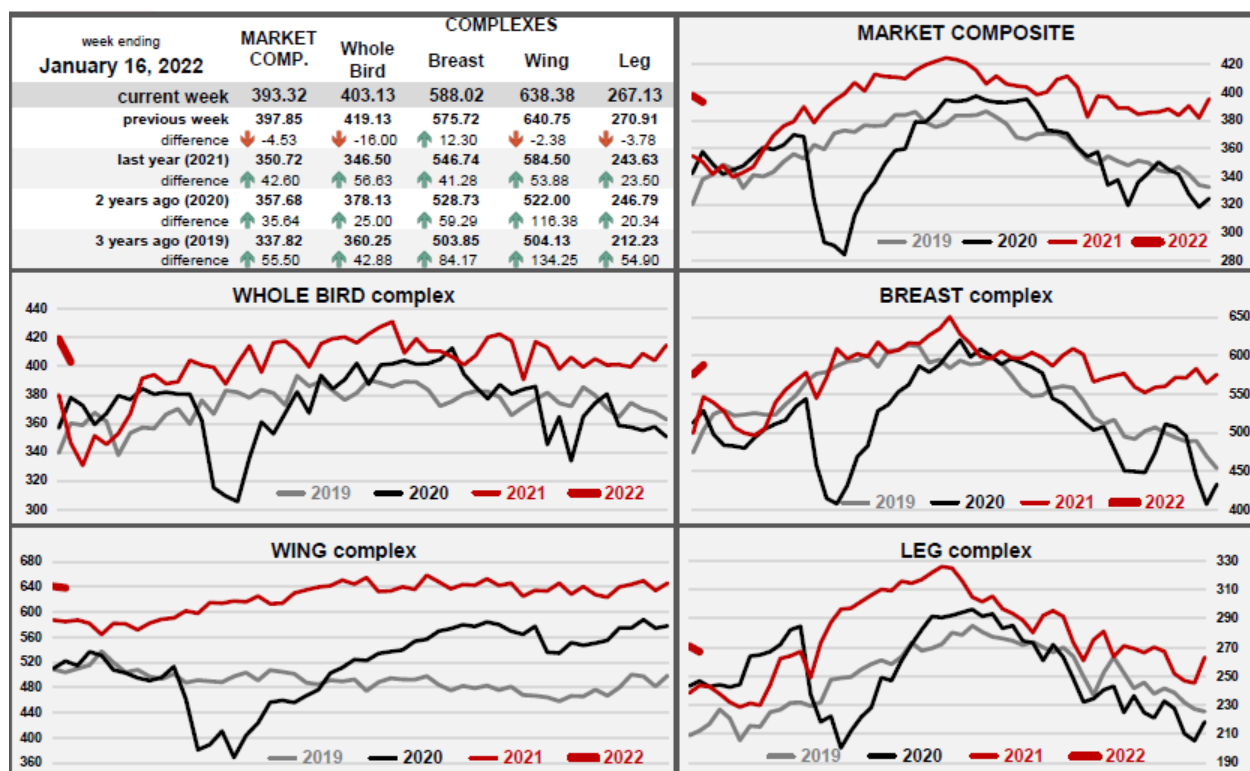
The comparative live prices across the prairies can be seen in the below graph, as well as the BC price with and without the guardrail. Quota Period A-173 represents where the live price in the prairie provinces first exceeded the live price in BC, due to the guardrails. In Quota Period A-174 all three prairie provinces posted live price exceed the BC live price.



While it will be argued that the Serecon FCR (2018) used to calculate the BC feed costs is higher than the Ontario FCR and not reflective of current BC FCR which results in an inflated feed cost differential; the BC formula only recognizes 75% of the feed and chick cost differential. For that reason, any FCR difference from the 2018 Serecon base reference is accounted for the current pricing formula.

In the summer of 2021, the BC FIRB Review Panel considered the issue of industry stability and current pricing structures and stated that “BCFIRB was not given any measurable or substantiated objective evidence or data of industry instability during this process”. The Board has not been presented with any substantiated objective evidence or data to demonstrate that its proposed amendment will result in market instability. To the contrary, the live prices in the three prairie provinces currently exceed the BC live price, a situation that has never before existed (see above graph). BC processors operate in the prairie provinces and if competitiveness in Canadian markets is of concern, the higher live prices paid in the prairies seems inconsistent with the competitiveness concerns expressed by BC processors over the current and past BC live prices.

Further, the following graph of wholesale market prices clearly show 2021 prices being higher than the last two years. While BC processors do not contribute to the EMI data set, it seems likely to be representative of the western Canada situation and as such, questions the harms raised by the PPPABC.



As opposed to advancing any data to support resulting market instability from the proposed amendment, the PPABC response was to simply seek “reduced production allocations” in the future without providing any direct correlation to market demand.

These are unique times for the BC chicken industry. It is recognized and acknowledged that BC is a higher cost of production region in Canada and industry stakeholders must share in the higher cost and lower expectations with respect to returns relative to other provinces. The Board’s decision to propose an amendment to the formula has taken into consideration the “sharing the pain” of the increased feed cost challenge. The Board expects that the amendment will not need to represent a permanent change provided feed ingredient costs return to normal conditions. The amendment is also in recognition of the need for BC to move to a BC based cost-based approach to pricing. Dependence on other provinces results in unintended consequences and the need for adjustments.

RATIONALE FOR DECISION BASED ON OUTCOME BASED PRINCIPLES

Strategic & Effective:

The Board has the authority to make orders it considers necessary or advisable to promote, control and regulate effectively the marketing of the regulated product, and to amend or revoke them, under 11(1)(q) of the Natural Products Marketing (BC) Act. The Act at 11(1)(k) gives the Board the authority to set the prices, maximum prices, minimum prices or both maximum and minimum price at which the regulated product or a grade or class of it may be bought or sold in British Columbia or that must be paid for a regulated product by a designated agency and to set different prices for different parts of British Columbia.

The BC Chicken Marketing Scheme (1961) grants the Board the power under 4.01(g) to fix the price or prices, maximum price or prices, minimum price or prices, or both maximum and minimum prices at which the live chickens over 2 days old that are regulated product, or any grade or class thereof, may be bought or sold in the Province, or that shall be paid for the regulated product by a designated agency, and may fix different prices for different parts of the Province. Further, 4.01(l) gives the Board the authority to make such orders, rules and regulations as are deemed by the Board necessary or advisable to promote, control and regulate effectively the production, transportation, packing storage or marketing of the regulated product and to amend or revoke the same.

Under the Chicken Scheme at 3.20 Pricing and Production Advisory Committee at section (3) it states the Board must consult with the committee and consider the committee’s advice before the Board makes any decision relating to pricing or production.

The decision is consistent with sound marketing policy and balances processor competitiveness with the objective to provide growers a reasonable return. While the impact to processors is an increased live price differential over central Canada, the proposed amendment is consistent with pricing in the three prairie provinces. The proposed amendment falls short of providing growers with full cost recovery of the difference; however, it is balanced against the need to consider processor competitiveness in Canadian markets.

The decision is in keeping with the Board's strategic priorities as illustrated in both the Board's old (March 2017) and new draft Strategic Plan (2021). The decision manages risk in a timely basis.

The process leading to the final decision was effective. The consultation process followed the agreed upon dates and timelines. The timelines for consultation were tight due to the availability data that comprise the Quota Period A-174 pricing decision. The Ontario live price data was not available until January 10, 5 days in advance of the BC pricing decision meeting. The Board cannot predict and would not speculate the feed and chick costs used in the Ontario pricing. The Board obtained independent information from other provinces.

There was sufficient, verifiable information indicating harm to the BC industry to make a decision that leads to an effective outcome. It will have a clearly defined regulatory outcome – to provide the chicken industry with a fact based, pricing formula that is simple, transparent and capable of providing predictability and stability until such time as the long-term pricing strategy is developed and the extraordinary feed costs normalize.

Accountable

The Board is accountable for its decisions to the entire industry and must consider the impact of its decisions on other parties.

The Board is taking into account the interests of both growers and processors. Those who determine they are aggrieved by this decision may appeal to BCFIRB. Both growers and processors are well aware of their rights to appeal and the methodology to do so. The Board informed industry of the ability to run parallel tracts, for extraordinary feed cost discussions and Extraordinary Circumstances as per the PPAC Regulation.

The BCCMB maintains its legitimacy and integrity through understanding and discharging its responsibilities (as per the NPMA, Provincial Policy, BCFIRB direction) and is accountable by providing reasons explaining the course of action to stakeholders within this Schedule 15.

Fair

The decision making process has ensured procedural fairness. All sides were consulted and their opinions heard. The Board has with this document provided a rationale illustrating sound marketing policy.

The amendment to the current pricing formula addresses the concerns brought forth of both the growers and processors in their submission.

Transparent

Pricing orders are transmitted to all mainstream growers and processors by email.

The decision making process is transparent. The processes, practices, procedures and reporting on the mandate are open and accessible to the people impacted by the decisions and operations of the Board.

This Schedule 15 containing the Board's decision and rationale will be posted on the website. Further, an explanation will be included in the BCCMB Monthly Board report and will also provide a reference to the Schedule 15 on the website.

Inclusive

In his "Chicken Industry Pricing – Episode III" letter dated March 18, 2016 BCFIRB Chair John Les stated:

The fundamental premise behind how best to determine the price a grower receives for their chicken from a processor remains the same as it was in 1995 and in 2010. In summary, and as recorded in paragraph 23 of the June 9, 2010 BCFIRB decision:

All parties in this supervisory review agree that a workable pricing model must be consistent, predictable, transparent, and result in a live price that gives growers a reasonable return and allows processors to be competitive in the Canadian market. These same considerations apply to the BC broiler hatching egg sector.

In its June 2010 decision BCFIRB gave the Chicken Board flexibility for making changes to the current formula-based pricing model (paragraph 30): any long term changes to the pricing model will also require the Chicken Board to consult with PPAC. BCFIRB wishes to make it clear that if the Chicken Board decides as the first instance regulator that it

should undertake any initiative regarding the pricing model, the requirement to consult with PPAC remains.

Finally, as per BCFIRB's general supervisory expectations, the Chicken Board must demonstrate a thorough and substantiated use of principles-based regulation and SAFETI in arriving at any changes to the pricing model that clearly reflect "sound marketing policy". This would necessitate consultation with a broad range of stakeholders and consideration of inter-provincial and national implications

As per BCFIRB's March 18, 2016 instructions, appropriate interests were considered and consulted. The PPAC consists of representatives of chicken growers, processors and hatching egg producers.

The decision of the Board is in the public interest to provide continuity and stability respecting the live pricing of the regulated product.

Parties impacted by the decision were provided an opportunity to comment prior to the Board coming to its decision.



November 25, 2021

TO: BCFIRB and PPAC

**Re: Request for Exceptional Circumstances for quota period A-173
(November 21, 2021 to January 15, 2022)**

As per Schedule 2 of the BCCMB General Orders, the Board and PPAC met to discuss the invocation of exceptional circumstances for quota period A-173.

The PPAC met on November 24, 2021 and were unable to come to a consensus recommendation to the board. After considering the advice of the PPAC, due consideration of all information received; and the BCFIRB Panel directive requiring prior approval of any changes to the existing pricing formulas, the Board found that it was not presented with sufficient and substantive new evidence to vary its decision with respect to A-173 live pricing for mainstream chicken. Pricing Order #164 dated November 19, 2021 for mainstream live price for quota period A-173 remains in place.

Due to the ongoing atmospheric river flooding event and evacuation of the Sumas Prairie, no SAFETI will be provided.

The Board recognizes and is concerned over the situation currently facing the BC chicken industry. Over the past three quota periods ingredient and other costs have escalated. During this time period the existing mainstream live price formula's upper guardrail has been significantly exceeded. The Board also acknowledges that the BC live price relative to other Western provinces is now lower, when historically BC had the highest live price in the West. Furthermore, catching companies have filed a request to the Board to increase catching costs in BC. The Board serves notice with this letter to BCFIRB of its intention to propose amendments to the existing formula for the FIRB Review Panel's prior approval for quota period A-174, after consultation with stakeholders, as the Board anticipates the current conditions will continue for some time into the future.

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

H. Sasaki
Chair



January 14, 2022

To: PPAC, PPPABC and BCCGA

Re: request for immediate input from PPAC

Arising from the Board's letter of November 25, 2021 it is the Board's intention to request prior approval from BCFIRB to provide an adjustment to the existing pricing formula (attached). The Board is requesting feedback by way of written submission from PPAC members by 4:00 p.m. Tuesday, January 18, 2022. It does not intend to file with BCFIRB until Wednesday January 19, 2022 after it has received and duly considered PPAC's feedback.

The Board will be asking for BCFIRB prior approval to include an adjustment of 50% of the amount exceeding the upper guardrail for A-174 going forward citing continued extraordinary feed costs.

The upper guardrail has been increased to reflect the increase in catching costs as agreed by the catching companies and Processors. Catching costs have now increased effective A-174 from 3.65 cents to 4.0 cents (an increase of 0.35 cents). The upper guardrail has been increased from 12.49 cents to 12.84 cents.

For A-174 the formula price at 75% is a difference over Ontario of 25.16 cents without the guardrails. The upper guardrail of 12.84 cents was exceeded by 12.32 cents. The proposed adjustment is calculated to be 50% of 12.32 cents which results in 6.16 cents increase to the live price. **The Board is proposing to add 6.16 cents to the live price for regular broilers for quota period A-174 subject to BCFIRB's prior approval.**

The Board is seeking PPAC member acceptance or rejection to the proposed adjustment including rationale for the positions put forward, including but not limited to the harm to the specific harms likely to result.

Exceptional Circumstances for this period can run in parallel with this request. Remember that Monday January 17th at 3:00 p.m. is the deadline to apply for Exceptional Circumstances. Please refer to the Board's General Orders and Schedule 2 (7)(a) and (c).

Thank you for your attention to this matter.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Harvey Sasaki

Cc: Kirsten Pedersen, FIRB
Wanda Gorsuch, FIRB

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Unit 220 - 1848 McCallum Road, Abbotsford, BC V2S 0H9 PHONE 1.604.859.2868 | www.bccicken.ca

Christine Rickson

From: craig.w.evans@gmail.com
Sent: Tuesday, December 14, 2021 10:24 AM
To: harveysasaki@gmail.com; Christine Rickson
Cc: Blair Shier; 'Scott Cummings'; Kerry Towle; Ken Huttema
Subject: Potential Modifications to A-174 Pricing
Attachments: 20211214 Exceptional Circumstances Response.pdf

Please see attached correspondence from the PPPABC pertaining to the above matter.

Craig Evans, B.Comm, MBA, ICD.D
Executive Director
Primary Poultry Processors Association of British Columbia
E: craig.w.evans@gmail.com
T: (778) 583-0220

PRIMARY POULTRY PROCESSORS ASSOCIATION OF B.C.

December 14, 2021

Mr. Harvey Sasaki
Chair
BC Chicken Marketing Board

Dear Harvey:

Re: Potential Modifications to A-174 BC Live Pricing Formula

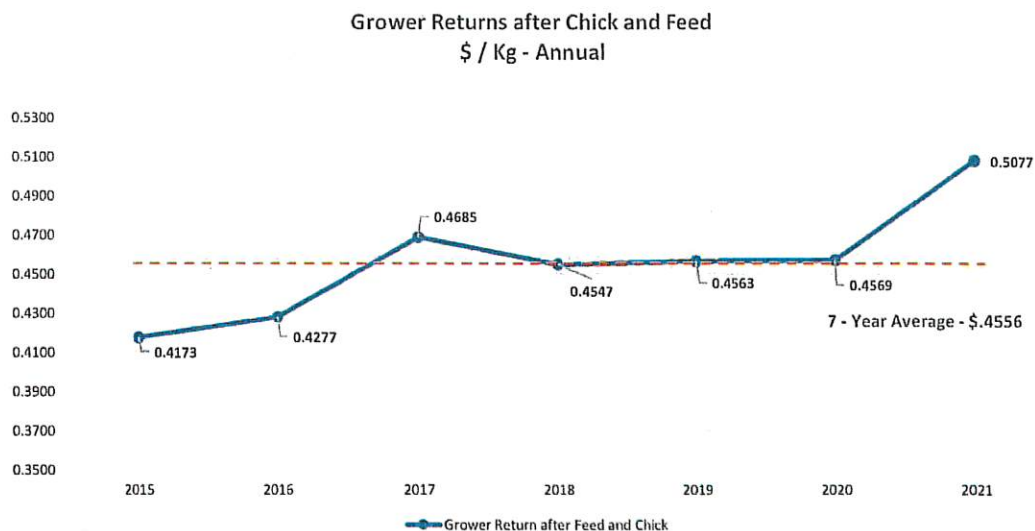
The BC Chicken Marketing Board (BCCMB) has requested that the Primary Poultry Processors Association of BC (PPPABC) provide its perspective and input on potential changes to the BC Live Price Formula (pricing formula) for A-174 given the escalation of feed prices. The PPPABC has reviewed, analyzed, and discussed the situation and does not support a modification to the pricing formula and provides the following rationale to support this position:

- The BC Farm Industry Review Board (BCFIRB) has stated that no changes to the pricing formula should be implemented, without their prior approval, until the chicken live pricing supervisory review has been completed. BCFIRB reinforced that position when significant changes were made to the Ontario Cost of Production Formula (ONCOPF) which resulted in a significant increase in grower returns despite an appeal from the processors. It is our expectation that growers should be held to the same standard as the processors.
- Despite the shift in feed commodities (corn and wheat price inversion), which is generally viewed as being temporary, grower returns in A-173 (as defined by return after feed and chick) are consistent with the returns growers were experiencing at the beginning of the supervisory review. As mentioned above, this is due in large part to the increase in grower returns that has been derived from the ONCOPF changes.

	Average 2019 – 2020	A-173
BC Live Price – 2.021 – 2.170 kg	1.6807	1.9410
Catching Costs	\$0.0365	\$0.0365
Feed and Chick Costs*	1.2241	1.4847
Return After Feed and Chick	.4201	.4198

*Detailed data can be found in Appendix 1

- While the PPPABC recognizes that commodity pricing has shifted in recent cycles and increased feed prices, the increase in the BC live price in 2021 has more than offset this shift. In fact, as shown in the chart below, grower returns in 2021 have increased by 1.1% over 2019/2020 even with the recent shift in commodity prices.



Any change being considered by the Board at the request of the growers will increase the live price differential for BC processors to a record level. We are at a loss to understand the rationale for a change given growers are earning returns that are consistent with what they were achieving when BCFIRB put the standstill on price formula changes in place.

The PPPABC recognizes the current trends in commodity and feed pricing being experienced by growers across Canada and we also recognize the very significant challenges being experienced by the BC industry due to recent flooding activities in the Sumas Prairie.

The impact of the floods on the farms and farmland in the impacted areas has been devastating and we realize the challenge we have going forward as an industry in those areas. However, it must also be recognized that these conditions are also presenting processors with significant challenges in running their operations. The flooding has had massive impact on processing operations in BC and across our national network of suppliers who provide us with product, packaging materials, ingredients, and supplies. Processors are absorbing significant incremental costs related to transportation premiums, with transportation delays also causing significant interruptions in production scheduling resulting in excessive operating downtime and overtime.

While many of these incremental costs spiked immediately as the floods arrived, it is now clear that many of these increased costs will continue to be incurred until transportation systems and supply chains return to normal. The ability of processors to pass these costs on to customers is extremely challenging and presents a significant business risk due to the nature of customer contracts and the competitive marketplace, especially given that processors outside of the lower mainland are not facing these same cost issues.

With respect to the rationale provided by the BCCMB in their November 25th notice to the BCFIRB and the Pricing and Production Advisory Committee (PPAC), we offer the following comments:

The BCCMB November 25th notice provided rationale as to why they believe there is a need to review the pricing formula. The BCCMB states, "Over the last three quota periods ingredient and other costs have escalated."

- By confining their analysis to the last three cycles, the BCCMB is ignoring the fact that live prices escalated significantly in A-169 because of the ONCOPF changes, which drastically increased grower returns.
- The live price increases that were derived from the changes to the ONCOPF in A-169 have offset the increase in feed costs currently being experienced in BC.
- The board has not adequately assessed the combined impact of the ONCOPF and feed cost increases on grower returns in their analysis.
- In addition, in A-167 and A-168 there was a significant commodity price shift in the other direction. Corn prices increased substantially compared to wheat which favored BC growers and increased their returns. The BCCMB did not consider adjusting the live price formula in place to lower the live price at that time.
- The BCCMB November 25th notice also references increases in "other costs" which have not been identified, substantiated, or quantified.

The November 25th notice also refers to pricing trends in the other western provinces and states that, "BC's live price relative to other Western Provinces is now lower, when historically BC has had the highest live price in the West." This statement is not accurate as the BC Live price in A 173 is \$1.941 which is higher than Alberta's live price of \$1.9155 for the same period.

Furthermore, given that we are in midst of a pricing supervisory review, the PPPABC does not accept the idea that BC should be adjusting the pricing formula and temporarily moving prices based on what is happening in other western provinces. This is particularly concerning because it appears that all the western province marketing boards are taking advantage of this situation and locking in extremely high grower returns while at the same time dramatically lowering the competitive position of their processors. It would be an inappropriate marketing board decision to make a decision based on the rationale that "others are doing it", when the outcome of those other decisions are providing substantive returns to one party, while severely compromising the other.

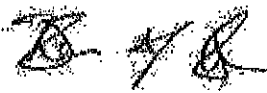
The BCCMB continues to view the industry from the Growers perspective only and ignores the fact that BC Processors are no longer competitive at the current live price differential level. If the Board was looking after the interests of the industry, then our expectation would be that they propose a temporary reduction to the live price given that BC Processors are facing transportation, production and scheduling challenges that will last for many months and cause millions of dollars in extra costs to them. Instead, we see only a proposal to take further millions of dollars from us to ensure Growers continue to receive great returns.

In summary, the PPPABC believes that the increases in commodity and feed costs, that have been agreed to be temporary in nature, have not impacted grower returns beyond what they were prior to the commencement of the supervisory review. In fact, the changes to the ONCOPF and the resulting

benefits to growers have offset the feed increases and provided fair returns to growers even with these high feed prices. As noted, on a year-to-date basis grower returns remain well ahead of last year and therefore do not justify opening the pricing formula at this time. More importantly for BC Processors, we have already been placed in an uncompetitive position with the current live price formula and we are faced with millions of dollars of extra costs due to the recent flooding events.

It is the PPPABC position that the current pricing formula should remain in place and the BCCMB should focus on bringing the supervisory review on chicken live pricing to conclusion in an expedient manner.

Sincerely,



Blair Shier
President
Primary Poultry Processors Association of BC

Appendix 1 – Grower Return Calculations

Historical Grower Returns - Actual	A-173	2019	2020	2021	2019 / 2020 Average
Net BC Live Price - Actual (2,201 - 2,170 kg)	1.9045	1.6302	1.6582	1.8738	1.6442
less: Feed Costs	1.0573	0.8264	0.8324	0.9698	0.8294
less: Chick Costs	0.4274	0.3840	0.4054	0.4328	0.3947
Grower Returns - Actual	0.4198	0.4198	0.4204	0.4712	0.4201



December 24, 2021

Mr. Harvey Sasaki
Chair
BC Chicken Marketing Board

Dear Harvey:

Re: A-174 Exceptional Circumstances - Addendum

The Primary Poultry Processors Association of BC (PPPABC) wants to follow-up on its correspondence to you dated December 14th, 2021, with respect to the BC Chicken Marketing Board (BCCMB) potentially modifying the A-174 BC Live Pricing Formula to reflect the increased feed differential with Ontario caused by the temporary corn / wheat price inversion.

The PPPABC has been made aware that the Ontario Cost of Production Formula (ONCOPF) review process has made annual adjustments that will be applied to the Ontario live price in A-174. The PPPABC understands that these annual adjustments will be in excess of 2 cents per kilogram effectively increasing the Ontario live price. These annual adjustments will be formally communicated to industry in the Chicken Farmers of Ontario (CFO) A-174 price bulletin in January.

This increase in Ontario live price will provide a further increase in returns to growers who have already realized record returns this year. Any potential changes to the BC Live Price Formula contemplated by the BCCMB for A-174 needs to consider the changes the ONCOPF and the Ontario live price. The BCCMB cannot accept the changes to the ONCOPF in A-174 while at the same time adjusting the BC Live Pricing Formula. By doing this, the BCCMB would further erode processor competitiveness and further increase growers returns which, for the current period (A-173), have been shown to be consistent with levels prior to the supervisory review.

To reiterate the PPPABC position on this matter contained in our December 14th correspondence:

- The BC Farm Industry Review Board (BCFIRB) has stated that no changes to the pricing formula should be implemented, without their prior approval, until the chicken live pricing supervisory review has been completed.
- Despite the shift in feed commodities (corn and wheat price inversion), which is generally viewed as being temporary, grower returns in A-173 (as defined by return after feed and chick) are consistent with the returns growers were experiencing at the beginning of the supervisory review.

- While the PPPABC recognizes that commodity pricing has shifted in recent cycles and increased feed prices, the increase in the BC live price in 2021 has more than offset this shift and grower returns in 2021 have increased by 11% over 2019/2020.
- The anticipated changes in the ONCOPF to be implemented in the Ontario A-174 Live Price will increase grower returns in BC by more than 2 cents per kilogram.

The application of the annual adjustments in the new ONCOPF process were expected by the industry and the Board needs to recognize that in A-174, these benefits will flow to BC growers. In addition, the BCCMB as part of the live pricing supervisory review will need to take into account the new ONCOPF annual adjustment process as it relates to their proposed interim and long-term pricing formulae recommendation and discussions with the industry.

Sincerely,

A handwritten signature in dark ink, appearing to read 'B. Shier', with a stylized flourish at the end.

Blair Shier
President
Primary Poultry Processors Association of BC



January 11, 2022

Mr. Harvey Sasaki
Chair
BC Chicken Marketing Board

Dear Harvey:

Re: Potential Modifications to A-174 BC Live Price and Changes to ONCOPF

The Primary Poultry Processors Association of BC (PPPABC), further to its December 14, 2021, correspondence on the above matter wants to ensure that the BC Chicken Marketing Board (BCCMB) understands the impact of further changes to the Ontario Cost of Production Formula (ONCOPF).

The changes to the ONCOPF have been released (Appendix 1) with the producer margin now including a phased-in capital component of 3.46 cents to be phased in over 2022. The inclusion of this capital component along with other changes have increased the producer margin in A-174 by 2.1 cents. The producer margin in Ontario is also expected to increase by an additional 3.0 – 3.5 cents for A-175 and A-176 with a levelling out in A-177 – A-180. Under the current BC pricing formula any improvements resulting from these producer margin increases will flow directly to growers and increase their returns beyond current levels.

As mentioned in our December 14, 2021, correspondence, grower returns are consistent with levels realized prior to the start of the supervisory review. The recent changes to the ONCOPF further reinforce the PPPABC position that there is no justification to support approaching the BC Farm Industry Review Board (BCFIRB) requesting changes to the current pricing formula.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Shier", located below the "Sincerely," text.

Blair Shier
President
Primary Poultry Processors Association of BC

Appendix 1 – CFO Letter to Producers

Dear CFO Farmers:

This is an important message regarding COPF updates and the Farm-Gate Minimum Live Price - effective A-174.

Chicken Farmers of Ontario (CFO) Board of Directors and staff have worked diligently throughout 2021 to assess the cost items related to producer margin, and to develop an enhanced methodology for calculating these components of the farm-gate minimum live price.

Data provided by farmers has been crucial to supporting these efforts, as the CFO Board of Directors remains committed to ensuring the accuracy and successful implementation of the Cost of Production Formula (COPF).

THE PROCESS:

Regulation 402 provides for the annual negotiation of adjustments by the Negotiating Agency appointed by Chicken Farmers of Ontario (CFO) and the Association of Ontario Chicken Processors (AOCP).

The negotiation was specific to the cost items relating to the producer margin of the farm-gate minimum live price.

The negotiation has now been completed.

WHAT'S CHANGED?

The Negotiating Agency has settled, by agreement, adjustments to the farm-gate minimum live price and CFO and AOCP reached agreement on the methodology to calculate the value of the producer margin component of the farm-gate minimum live price for quota periods A-174 - up to and including A-180.

- The Ontario Farm Products Marketing Commission (OFPMC) has now approved the adjusted farm-gate minimum live price and brought into force a price of **\$1.817/kg for the weight category of 2.15 kg to 2.45 kg, effective for quota period A-174.**
- The adjusted farm-gate minimum live price includes an increase of **3.46 cents per kg** to the capital cost elements of the producer margin.
- In accordance with previous practice, the **remaining elements of the COPF will be updated as per the Statistics Canada indices.**

The adjustments to the producer margin have been informed by the New Barn Cost Survey recently completed by farmers who built new barns in 2019, 2020, and 2021. As a result of the

information provided by these farmers, the Negotiating Agency was able to reach agreement on these adjustments to better reflect the estimated costs of the capital cost items in the producer margin component of the farm-gate minimum live price. *

The increase is intended to be phased in, and the producer margin for each quota period of 2022 is estimated to be as follows:

- A-174 is \$0.5983 per kg;
- A-175 is \$0.6329 per kg;
- A-176 is \$0.6329 per kg; and
- A-177 to A-180 is \$0.6213 per kg.

****IMPORTANT: The phased-in increase, as stated above, may be subject to change based on the outcome of the third-party audit of the New Barn Cost Survey data that was collected. We will continue to provide farmers with more information - as relevant, and as it becomes available.***

THANKING FARMERS!

The CFO Board of Directors would like to thank all farmers who participated in various data collection initiatives in 2021. This work was of critical importance to informing the recent developments to the COPF. Your time and effort are greatly appreciated!

The Board would like to remind all farmers of the importance of accurate and timely reporting through CFO Connects. Your continued attention and compliance in submitting accurate feed data and new barn build cost surveys remain invaluable in informing the COPF.

QUESTIONS?

[CLICK HERE](#) to access the updated Farm-Gate Minimum Live Price section of ontariochicken.ca for more information.

Should you have any further questions, please email communications@ontariochicken.ca.

Sincerely,

Chicken Farmers of Ontario

Christine Rickson

From: Jennifer Curtis <jennifercurtis@bcchickengrowers.ca>
Sent: Monday, December 20, 2021 9:24 AM
To: Harvey Sasaki
Cc: Jim Byrne; Christine Rickson
Subject: Proposed Live Price re Variation for Exceptional Circumstance
Attachments: 21-12-20 BCCGA Proposed Live Price re Variation for Exceptional Circumstance.pdf

Good morning, please note the attached letter from the BC Chicken Growers' Association.

Thank you,

Jennifer

Jennifer Curtis, Manager
BC Chicken Growers' Association
Phone: 604-855-0588
Email: jennifercurtis@bcchickengrowers.ca



BC Chicken Growers'
ASSOCIATION

December 20, 2021

VIA EMAIL

Harvey Sasaki, Chair, BC Chicken marketing Board

RE: A- Live Bird Pricing in BC -- Variation for Exceptional Circumstances

Dear Harvey,

The BC Chicken Growers' Association (BCCGA) is proposing the following formula be used to calculate the BC live bird pricing for mainstream chicken for exceptional circumstances:

If a prairie province is priced higher than BC and BC is at the upper guardrail, then the Upper guardrail would not be used. Instead, the BC's price would be that of the highest prairie province's price plus 50% of the historical past 10 periods difference between the two provinces. This would continue until BC's price falls below the upper guardrail, at which time the pricing formula would revert to the existing formula.

In A-173 Saskatchewan had the highest prairie province live bird price	
Saskatchewan A-173 live bird price	\$2.006
50% of 10 period difference BC Vs Saskatchewan	\$0.020
BC proposed live bird price for A-173	\$2.026

The exceptional circumstances request is primarily due to the increased feed costs amid other increased costs. The feed prices across Canada and Western Canada have increased significantly. Exceptionally hit hard are the BC growers by the wheat/corn imbalance. The upper guardrail for A-173, A-172, A-170 and A-169 has been keeping growers restricted to these upper guardrail levels. Growers are moving too far away from their actual costs and this formula was not meant for such major differences in feed costs.

The BCCMB stated the following in the Exceptional Circumstances Decision on the November 25th, 2021:

"The Board recognizes and is concerned over the situation currently facing the BC chicken industry. Over the past three quota periods ingredient and other costs have escalated. During this time period the existing mainstream live price formula's upper guardrail has been significantly exceeded. The Board also acknowledges that the BC live price relative to other Western provinces is now lower, when historically BC had the highest live price in the West."

101 - 32450 Simon Avenue, Abbotsford, BC V2T 4J2

tel 604.556.0376 | www.poultryinmotion.ca | office@bcchickengrowers.ca

The recent flood situation has compounded the problem. The live price formula was not meant for the current circumstance and with world grain prices rising.

Thank you for your attention to this matter.

Sincerely,



Dale Krahn, President
BC Chicken Growers' Association

Cc: Jim Byrne, Chair, Pricing and Production Advisory Committee
Christine Rickson, Secretary, Pricing and Production Advisory Committee

101 - 32450 Simon Avenue, Abbotsford, BC V2T 4J2

tel 604.556.0378 | www.poultryinmotion.ca | office@bcchickengrowers.ca

(B)

ONTARIO CHICKEN PRICING SLEEVE CALCULATIONS

- Change catching cost
- Change Guardrails.

A-174

DRAFT

Period	BC Feed	BC Chick	Total	Ontario Feed	Ontario Chick	Total	75% of Difference	No RA	Catching Costs	Ontario Price	BC Price
A135	79.08	37.29	116.37	69.52	33.70	103.22	9.86		3.5		1.612
A136	79.05	36.94	115.99	69.87	34.67	104.54	8.59		3.5		1.615
A137	79.12	37.81	116.93	67.74	34.67	102.41	10.89		3.5		1.589
A138	79.12	37.37	116.49	71.11	34.69	105.80	8.02		3.5		1.567
A139	81.49	37.69	119.18	72.92	34.80	107.72	8.60	9.19	3.5		1.592
A140	81.36	37.81	119.17	67.14	34.38	101.52	13.24	9.87	3.5		1.612
A141	77.45	37.16	114.61	66.12	34.28	100.40	10.66	10.00	3.5		1.515
A142	73.92	37.18	111.10	68.93	34.64	103.57	5.65	9.51	3.5		1.490
A143	72.99	37.82	110.81	70.44	34.72	105.16	4.24	8.40	3.5		1.567
A144	73.06	38.06	111.12	68.98	34.89	103.87	5.44	7.97	3.5		1.592
A145	73.17	37.88	111.05	69.51	35.02	104.53	4.89	7.35	3.5		1.533
A146	76.72	37.91	114.63	66.84	35.14	101.98	8.14	6.50	3.5		1.646
A147	77.52	37.55	115.07	66.52	34.76	101.28	10.34	6.45	3.5		1.584
A148	77.47	37.15	114.62	66.84	34.55	101.39	9.92	7.16	3.5		1.659
A149	76.87	36.78	113.65	68.47	34.80	103.27	7.79	7.75	3.5		1.541
A150	78.02	37.26	115.28	73.26	35.39	108.65	4.97	7.68	3.65		1.526
A151	78.98	38.01	116.99	76.65	37.07	113.72	2.45	7.27	3.65		1.550
A152	80.26	38.95	119.21	73.59	36.97	110.56	6.41	6.98	3.65		1.647
A153	82.71	38.49	121.20	72.36	37.15	109.46	8.80	6.73	3.65		1.691
A154	82.67	38.08	120.75	70.84	37.15	107.99	9.57	6.67	3.65		1.707
A155	80.78	37.90	118.68	72.87	37.49	110.36	6.24	6.41	3.65		1.590
A156	82.40	37.84	120.24	71.50	37.78	109.28	8.22	6.95	3.65		1.580
A157	82.13	38.14	120.27	70.46	37.88	108.34	8.95	8.03	3.65		1.694
A158	82.79	38.37	121.16	74.94	37.94	112.88	6.21	8.00	3.65		1.694
A159	83.72	39.16	122.88	75.98	38.92	114.90	5.98	7.53	3.65		1.697
A160	84.01	39.28	123.29	75.36	39.05	114.41	6.66	7.04	3.65		1.697
A161	83.18	40.47	123.65	73.92	39.45	113.37	7.71	7.71	3.65		1.694
A162	83.12	40.58	123.70	74.01	39.43	113.44	7.70	7.70	3.65		1.694
A163	82.40	40.68	123.08	76.37	38.97	115.34	5.81	5.81	3.65		1.697
A164	84.10	40.81	124.91	75.49	39.35	114.84	7.55	7.55	3.65		1.707
A165	82.95	41.03	123.98	72.26	39.06	111.32	9.50	9.50	3.65		1.694
A166	82.94	40.94	123.88	72.63	39.27	111.90	8.99	8.99	3.65		1.690
A167	83.44	41.42	124.85	81.38	39.98	121.36	2.62	2.62	3.65		1.757
A168	87.21	42.38	129.59	86.49	40.39	126.88	2.03	2.03	3.65		1.812
A169	95.67	43.39	139.06	83.10	41.11	124.21	11.14	11.14	3.65		1.812
A170	98.86	44.74	143.60	82.77	41.32	124.09	14.63	14.63	3.65		1.950
A171	103.03	44.56	147.59	86.77	41.91	128.68	14.18	14.18	3.65		1.950
A172	104.90	43.73	148.62	83.52	41.97	125.49	17.35	17.35	3.65		1.966
A173	105.73	42.74	148.48	81.15	41.83	122.98	19.12	19.12	3.65		1.941
A174	107.23	42.61	149.84	80.09	41.54	121.63	21.16	21.16	4.00		1.951

Old Guardrails

Lower = 9.70
Upper = 12.49

New

Guardrails with Catching

Cost ↑ by 0.35 cents

Lower = 10.05

Upper = 12.84

Diff = BC - Ont

= 149.84 - 121.63 =

= 28.21 x .75 = 21.1575

[= 21.16] rounded

BC Price = 0.2116 + 0.04 + 1.823 = 2.0746

CFR website = 0.4160
subtract 0.0006 (chick levy)

- Diff over Ont = 0.2516

- Hit upper Guardrail - now adjusted for ↑ catching cost.

BC Price = 1.823 + 12.84 cents

= 1.9514

= 1.951

A

ONTARIO CHICKEN PRICING SLEEVE CALCULATIONS

A-174
DRAFT

No change to Catching Cost
No change to Guardrails

Period	BC Feed	BC Chick	Total	Ontario Feed	Ontario Chick	Total	75% of Difference	No RA	Catching Costs	Ontario Price	BC Price
A135	79.08	37.29	116.37	69.52	33.70	103.22	9.86		3.5		
A136	79.05	36.94	115.99	69.87	34.67	104.54	8.59		3.5		
A137	79.12	37.81	116.93	67.74	34.67	102.41	10.89		3.5		
A138	79.12	37.37	116.49	71.11	34.69	105.80	8.02		3.5		
A139	81.49	37.69	119.18	72.92	34.80	107.72	8.60	9.19	3.5		
A140	81.36	37.81	119.17	67.14	34.38	101.52	13.24		3.5		
A141	77.45	37.16	114.61	66.12	34.28	100.40	10.66	10.00	3.5		
A142	73.92	37.18	111.10	68.93	34.64	103.57	5.65	9.51	3.5		
A143	72.99	37.82	110.81	70.44	34.72	105.16	4.24	8.40	3.5		
A144	73.06	38.06	111.12	68.98	34.89	103.87	5.44	7.97	3.5		
A145	73.17	37.88	111.05	69.51	35.02	104.53	4.89	7.35	3.5	1.503	1.612
A146	76.72	37.91	114.63	68.64	35.14	103.78	8.14	6.50	3.5	1.515	1.615
A147	77.52	37.55	115.07	66.52	34.76	101.28	10.34	6.45	3.5	1.589	1.589
A148	77.47	37.15	114.62	66.84	34.55	101.39	9.92	7.16	3.5	1.567	1.567
A149	76.87	36.78	113.65	68.47	34.80	103.27	7.79	7.75	3.5	1.592	1.592
A150	78.02	37.26	115.28	73.26	35.39	108.65	4.97	7.68	3.65	1.533	1.546
A151	78.98	38.01	116.99	76.65	37.07	113.72	2.45	7.27	3.65	1.584	1.593
A152	80.26	38.95	119.21	73.69	36.97	110.66	6.41	6.98	3.65	1.553	1.553
A153	82.71	38.49	121.20	72.36	37.10	109.46	8.80	6.73	3.65	1.541	1.541
A154	82.67	38.08	120.75	70.84	37.15	107.99	9.57	6.67	3.65	1.526	1.529
A155	80.78	37.90	118.68	72.87	37.49	110.36	6.24	6.41	3.65	1.550	1.551
A156	82.40	37.84	120.24	71.50	37.78	109.28	8.22	6.95	3.65	1.539	1.545
A157	82.13	38.14	120.27	70.46	37.88	108.34	8.95	8.03	3.65	1.530	1.547
A158	82.79	38.37	121.16	74.94	37.94	112.88	6.21	8.00	3.65	1.575	1.591
A159	83.72	39.16	122.88	75.98	38.92	114.90	5.98	7.53	3.65	1.595	1.707
A160	84.01	39.28	123.29	75.36	39.05	114.41	6.66	7.04	3.65	1.590	1.697
A161	83.18	40.47	123.65	73.92	39.45	113.37	7.71	7.71	3.65	1.580	1.694
A162	83.12	40.58	123.70	74.01	39.43	113.44	7.70	7.70	3.65	1.581	1.694
A163	82.40	40.68	123.08	76.37	38.97	115.34	5.81	5.81	3.65	1.600	1.697
A164	84.10	40.81	124.91	75.49	39.35	114.84	7.55	7.55	3.65	1.595	1.707
A165	82.95	41.03	123.98	72.26	39.06	111.32	9.50	9.50	3.65	1.559	1.684
A166	82.94	40.94	123.88	72.63	39.27	111.90	8.99	8.99	3.65	1.565	1.690
A167	83.44	41.42	124.85	81.38	39.98	121.36	2.62	2.62	3.65	1.660	1.757
A168	87.21	42.38	129.59	86.49	40.39	126.88	2.03	2.03	3.65	1.715	1.812
A169	95.67	43.39	139.06	83.10	41.11	124.21	11.14	11.14	3.65	1.825	1.950
A170	98.86	44.74	143.60	82.77	41.32	124.09	14.63	14.63	3.65	1.825	1.950
A171	103.03	44.56	147.59	86.77	41.91	128.68	14.18	14.18	3.65	1.871	1.996
A172	104.90	43.73	148.62	83.52	41.97	125.49	17.35	17.35	3.65	1.841	1.966
A173	105.73	42.74	148.48	81.15	41.83	122.98	19.12	19.12	3.65	1.816	1.941
A174	107.23	42.61	149.84	80.09	41.54	121.63	21.16	21.16	3.65	1.823	1.948

-0.0006 chick levy
41.60 cto website.

Diff = 149.84 - 121.63

= 28.21 x .75 = 21.1575

= 21.16

Diff = 21.16 + ~~0.0365~~ = 0.2481 > 12.49

upper guardrail hit use 12.49

BC Price = 1.823 + 12.49

= 1.823 + .1247

= 1.9479

F 1.948

ONTARIO CHICKEN PRICING SLEEVE CALCULATIONS

A-173

46

Period	BC Feed	BC Chick	Total	Ontario Feed	Ontario Chick	Total	75% of Difference	No RA	Catching Costs	Ontario Price	BC Price
A135	79.08	37.29	116.37	69.52	33.70	103.22	9.86	3.5	3.5	1.503	1.612
A136	79.05	36.94	115.99	69.87	34.67	104.54	8.59	3.5	3.5	1.515	1.615
A137	79.12	37.81	116.93	67.74	34.69	102.41	10.89	3.5	3.5	1.490	1.589
A138	81.49	37.37	118.86	71.11	34.80	105.90	8.02	3.5	3.5	1.460	1.567
A139	81.49	37.69	119.18	72.92	34.38	107.30	9.19	3.5	3.5	1.479	1.592
A140	81.36	37.81	119.17	67.14	34.28	101.42	13.24	3.5	3.5	1.533	1.646
A141	77.45	37.16	114.61	68.12	34.64	102.76	10.66	3.5	3.5	1.584	1.693
A142	78.92	37.18	116.10	68.93	34.72	103.65	5.65	3.5	3.5	1.541	1.645
A143	72.99	37.82	110.81	70.44	34.89	105.33	4.24	3.5	3.5	1.553	1.659
A144	73.06	38.06	111.12	68.98	35.02	103.99	5.44	3.5	3.5	1.526	1.629
A145	78.17	37.88	116.05	69.51	35.14	104.65	4.89	3.5	3.5	1.550	1.651
A146	76.72	37.91	114.63	68.54	34.76	103.30	8.14	3.5	3.5	1.539	1.645
A147	77.52	37.55	115.07	66.52	34.55	101.07	10.34	3.5	3.5	1.575	1.691
A148	77.47	37.15	114.62	68.94	34.80	103.74	9.92	3.5	3.5	1.590	1.707
A149	76.87	36.78	113.65	68.47	35.39	103.86	4.97	3.5	3.5	1.584	1.684
A150	78.02	37.26	115.28	73.26	36.97	110.23	2.45	3.5	3.5	1.569	1.659
A151	78.98	38.01	116.99	73.65	37.07	110.72	6.41	3.5	3.5	1.541	1.645
A152	82.71	38.49	121.20	72.36	37.10	109.46	8.80	3.5	3.5	1.526	1.629
A153	82.67	38.08	120.75	70.84	37.15	107.99	9.57	3.5	3.5	1.550	1.651
A154	80.78	37.90	118.68	72.87	37.49	109.28	6.24	3.5	3.5	1.539	1.645
A155	82.40	38.14	120.54	71.50	37.88	109.38	8.22	3.5	3.5	1.575	1.691
A156	82.13	38.37	120.50	74.94	37.94	112.88	8.95	3.5	3.5	1.590	1.707
A157	82.79	39.16	121.95	75.98	38.92	114.90	5.98	3.5	3.5	1.584	1.684
A158	83.72	39.28	123.00	73.36	39.45	112.81	6.66	3.5	3.5	1.550	1.659
A159	84.01	39.28	123.29	75.92	39.45	115.37	7.71	3.5	3.5	1.584	1.684
A160	83.18	40.47	123.65	74.01	39.45	113.46	7.70	3.5	3.5	1.590	1.707
A161	83.12	40.68	123.80	76.37	39.35	115.72	5.81	3.5	3.5	1.584	1.684
A162	82.40	40.81	123.21	75.49	39.35	114.84	7.55	3.5	3.5	1.590	1.707
A163	84.10	41.03	125.13	72.26	39.06	111.32	9.50	3.5	3.5	1.584	1.684
A164	82.95	41.42	124.37	71.63	39.27	110.90	8.99	3.5	3.5	1.550	1.659
A165	82.94	40.94	123.88	71.38	40.39	111.77	2.62	3.5	3.5	1.584	1.684
A166	83.44	42.36	125.80	86.49	40.39	126.88	2.03	3.5	3.5	1.575	1.707
A167	87.21	44.39	131.60	83.10	41.32	124.42	11.14	3.5	3.5	1.825	1.950
A168	95.67	44.74	140.41	82.77	41.91	124.68	14.63	3.5	3.5	1.871	1.996
A169	98.86	44.56	143.42	86.77	41.97	128.74	17.35	3.5	3.5	1.841	1.966
A170	103.03	43.73	146.76	83.52	41.83	125.35	19.12	3.5	3.5	1.816	1.941
A171	104.90	42.74	147.64	81.15	41.83	122.98	19.12	3.5	3.5	1.816	1.941
A172	104.90	42.74	147.64	81.15	41.83	122.98	19.12	3.5	3.5	1.816	1.941
A173	104.90	42.74	147.64	81.15	41.83	122.98	19.12	3.5	3.5	1.816	1.941

Adjusted.

$$BC = 105.73 + 42.74 = 148.47$$

$$Ont = 81.15 + 41.83 = 122.98$$

$$Diff = BC - Ont = 148.48 - 122.98 = 25.5 \times 75 = 19.125$$

$$Diff \text{ over } ont = 19.125 + 3.65 = 22.775$$

$$- \text{Upper Guardrail Hit use } 12.49 \text{ cents}$$

$$BC \text{ Price} = Ont + \text{upper Guardrail} = 1.816 + 0.1249 = 1.9409$$

$$= 1.9410$$



PRICE BULLETIN #351

GST REGISTRATION NO. R122877355

Date Issued: November 19, 2021

EFFECTIVE ON NOVEMBER 21, 2021 (November 21, 2021 – January 15, 2023) the minimum price at which chicken broiler produced within the Province of Manitoba may be sold by any producer, until further Order of this Board is hereby fixed as follows:

MCP Price Category			Price per Live Kilogram FOB Producer Premises (\$/kg)
Bottom	Top	Average	
<1.55			Determined by Board as Required
1.55	1.60	1.575	2.093
>1.6	1.67	1.635	2.077
> 1.67	1.75	1.710	2.070
> 1.75	1.85	1.800	2.049
> 1.85	2.00	1.925	2.021
> 2.00	2.10	2.050	2.001
> 2.10	2.20	2.150	1.994
> 2.20	2.30	2.250	1.981
> 2.30	2.40	2.350	1.975
> 2.40			1.971

* included in live price are catching costs of 4.35 ¢/kg, which are charged back to producers by processors

This represents a 5.2 ¢/kg increase for >2.20 – 2.30 kg category from period A-172.

LEVY

The levy is as follows:

Chicken Farmers of Canada	0.57 cents per kilogram live weight
Manitoba Chicken Producers	1.65 cents per kilogram live weight
TOTAL COMBINED LEVY	2.22 cents per kilogram live weight

AUTHORIZED SIGNATURE:

Wayne Hiltz, P. Ag
Executive Director

1357 Kenaston Blvd
Winnipeg MB R3P 2P2
Tel: 204-489-4603 Fax: 204-488-1163 Email: chicken@chicken.mb.ca



PRICE BULLETIN #352

GST REGISTRATION NO. R122877355

Date Issued: January 14, 2022

EFFECTIVE ON JANUARY 16, 2022 (January 16, 2022 – March 12, 2022) the minimum price at which chicken broiler produced within the Province of Manitoba may be sold by any producer, until further Order of this Board is hereby fixed as follows:

MCP Price Category			Price per Live Kilogram FOB Producer Premises (\$/kg)
Bottom	Top	Average	
<1.55			Determined by Board as Required
1.55	1.60	1.575	2.085
>1.6	1.67	1.635	2.070
> 1.67	1.75	1.710	2.063
> 1.75	1.85	1.800	2.042
> 1.85	2.00	1.925	2.015
> 2.00	2.10	2.050	1.995
> 2.10	2.20	2.150	1.989
> 2.20	2.30	2.250	1.976
> 2.30	2.40	2.350	1.971
> 2.40			1.967

* included in live price are catching costs of 4.45 ¢/kg, which are charged back to producers by processors

This represents a 0.5 ¢/kg decrease for >2.20 – 2.30 kg category from period A-173.

LEVY

The levy is as follows:

Chicken Farmers of Canada	0.57 cents per kilogram live weight
Manitoba Chicken Producers	1.65 cents per kilogram live weight
TOTAL COMBINED LEVY	2.22 cents per kilogram live weight

AUTHORIZED SIGNATURE:

Wayne Hiltz, P. Ag
Executive Director

1357 Kenaston Blvd
Winnipeg MB R3P 2P2
Tel: 204-489-4603 Fax: 204-488-1163 Email: chicken@chicken.mb.ca



201-224 Pacific Avenue
Saskatoon, SK
S7K 1N9
www.saskatchewanchicken.ca

Price Bulletin #398

Period: A-173

Minimum Live Price: \$2.0059/kg (live)

Effective: November 21st, 2021

Minimum Live Price Calculation

Period: A-173

Date: November 21st, 2021 – January 15th, 2022

Saskatchewan Live Price for A-173: \$2.0059/kg (live)

Live Price Calculation: (\$/kg)	
A-173 Ontario Live Price:	\$ 1.830*
<ul style="list-style-type: none">- SK historical differential has been lowered to .04 cents- Minus chick price differential from Ontario to Sask = .0052- Plus feed price differential from Ontario to Sask = .1411	0.1759
SK Live Price:	\$ 2.0059**

**This price shows an increase of 0.0405 cents from A-172.*

The Ontario Live price is based on the "Over 2.45 kg – 2.65 kg" category pricing.

*Calculation: +Diff .0400-Ont to SK chick differential .4189-.4137 = .0052 +Ont to SK feed differential .9544-.8133 = .1411

**Included in live price are catching costs of minimum \$0.035 per kilogram, which are charged back to the producer by the processor. For information on Ontario Live pricing see: <https://www.ontariochicken.ca/Farmer-Member-Resources/Live-Price/Bird-Size-1>

NOTE:

- Processors will pay for all DOA's and the first 1.5% condemned parts (trim).
- Payment will be based on barn average weight.
- Contact your processor for weight specific pricing ranges.
- Growers, please pay close attention to your agreed upon weights.
- If you have any questions regarding the above information, please do not hesitate to call the board office.

By Order of the Board

cc. Sofina Foods Inc.
Prairie Pride Natural Foods Inc.

Christine Rickson

From: Graham Snell <graham@saskatchewanchicken.ca>
Sent: Thursday, January 13, 2022 12:05 PM
To: Christine Rickson
Subject: Re: SK catching price

We negotiated that small increase into this last negotiation.

On Jan 13, 2022, at 2:02 PM, Christine Rickson <christinerickson@bcchicken.ca> wrote:

Hi Graham
When did SK's catching price go up to \$0.375?

Thanks
Christine Rickson
Back to being the Executive Assistant (BC) 🍷



201-224 Pacific Avenue
Saskatoon, SK
S7K 1N9
www.saskatchewanchicken.ca

Price Bulletin #399

Period: A-174

Minimum Live Price: \$1.9796/kg (live)

Effective: January 16th, 2022

Minimum Live Price Calculation

Period: A-174

Date: January 16th, 2022 – March 12th, 2022

Saskatchewan Live Price for A-174: \$1.9796/kg (live)

Live Price Calculation: (\$/kg)	
A-174 Ontario Live Price:	\$ 1.817*
SK Differential is made up of an agreed-upon formula based on Ontario live price, catching, feed and chick prices and operating margins.	0.1626
SK Live Price:	\$ 1.9796**

**This price shows an increase of 0.0195 cents from A-173.*

The Ontario Live price is based on the "Over 2.15 kg – 2.45 kg" category pricing.

****Included in live price are catching costs of minimum \$0.0375 per kilogram, which are charged back to the producer by the processor. For information on Ontario Live pricing see: <https://www.ontariochicken.ca/Farmer-Member-Resources/Live-Price/Bird-Size-1>**

NOTE:

- Processors will pay for all DOA's and the first 1.5% condemned parts (trim).
- Payment will be based on barn average weight.
- Contact your processor for weight specific pricing ranges.
- Growers, please pay close attention to your agreed upon weights.
- If you have any questions regarding the above information, please do not hesitation to call the board office.

By Order of the Board

cc. Sofina Foods Inc.
Prairie Pride Natural Foods Inc.

Christine Rickson

From: Karen Kirkwood <KKirkwood@chicken.ab.ca>
Sent: Thursday, November 25, 2021 2:42 PM
To: Christine Rickson; Graham Snell; Wayne Hiltz(MB)
Subject: FW: Memo to Producers: A-173 Live Price
Attachments: 2021-Period A-173.pdf

Hi All,

We just set our A-173 live price at \$1.9115/kg, reaching an agreement with processors for an adjustment of 3.45cents/kg over our interim MOU price for A-173. Please find our Order attached and memo to producers below.

Just about to take-off from Montreal back home.

Karen

Karen Kirkwood, B.Com., ICD.D, CEC
Executive Director
Alberta Chicken Producers
kkirkwood@chicken.ab.ca

From: Karen Kirkwood
Sent: Thursday, November 25, 2021 3:37 PM
Subject: Memo to Producers: A-173 Live Price

Sent on behalf of our Chair, Jason Born:

Dear Producers:

Today the Board and processors reached an agreement to set the minimum live price for A-173 at \$1.9115/kg.

The drought this year was an unforeseen event that has led to a shortage of feed grain in the province and is impacting Alberta feed prices. Considering this situation is resulting in an unprecedented gap between Alberta and Ontario feed prices in A-173, and possibly into A-174, that is beyond what we would consider the "normal" ebb and flow of differences in Alberta and Ontario feed prices over the past 10 years, we have reached this agreement with processors to set the A-173 minimum live price at \$1.9115/kg, departing from our Interim Live Price MOU for A-171 through A-174.

Also incorporated into the A-173 live price is an increase to the Alberta catching rate of \$0.0025/kg, which is fully captured in the live price. For context, the Alberta Minimum Live Price under the Interim MOU, prior to the adjustment to the catching rate, would have been \$1.8745/kg. Attached is the Live Price Order for A-173 for your reference.

Looking ahead, we will be meeting with processors in the early new year to review and determine the A-174 minimum live price. At the same time, our Board remains focused on establishing a long-term, sustainable live price framework that enables producers to earn a fair and reasonable return on investment.

As you are aware, ACP has contracted Serecon Consulting to conduct a study of feed and chick costs for conventional production in Alberta. Thank you to all who have participated in the study. For those who have been contacted by Serecon and have not yet participated, please do so as soon as possible. This anonymous data will be presented to the

Board by the end of this year and will inform the development of our long-term Alberta live price agreement with processors.

If you have any questions, please do not hesitate to contact myself, Karen Kirkwood, or any of our Directors.

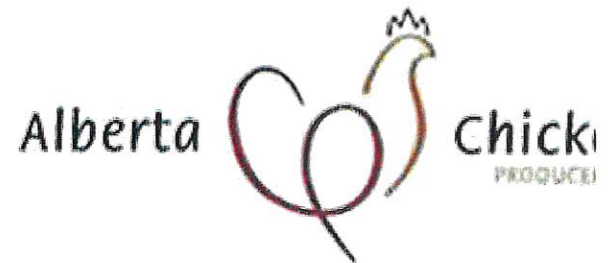
Sincerely,
Jason

Karen Kirkwood, B.Com., ICD.D, CEC

Executive Director

cell: 780.996.4080

email: kkirkwood@chicken.ab.ca



2518 Ellwood Drive SW, Edmonton, AB T6X 0A9
tel: 780.488.2125 | fax: 780.488.3570
email: abcp@chicken.ab.ca | website: www.chicken.ab.ca

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Minimum Live Price

Period A-173

Effective: November 21, 2021– January 15, 2022

\$1.9115/ kg

Minimum LIVE PRICE Calculation Details:

Period: A-173 (November 21, 2021 to January 15, 2022)

Alberta Live Price FOR A-173: \$ 1.9115/kg

Live Price Calculation: (\$/kg)	
A-173 Ontario Minimum Live Price*	\$ 1.810
Less: Modular Cost Recovery	\$ 0.012
Less: AI Insurance	\$ 0.0015
Equals: A-173 Ontario Net Minimum Live Price	\$ 1.797
Add: Alberta Live Price Differential	\$ 0.080
Add: A-173 Adjustment	\$0.0345
Alberta Live Price for A-173	\$ 1.9115/kg

*Effective A-145: Ontario implemented an interim 1.2 cents/kg additional cost recovery component for the transition in Ontario to Modular Loading. The modular loading cost recovery payout period is effective for seven years.

Effective A-154: Ontario implemented a 0.15 cents/kg AI Insurance Premium.

Due to the Ontario-specific nature of these adjustments, these component have not been included in the calculation of the Alberta Minimum Live Price.

For more details, please visit: <https://www.ontariochicken.ca/Farmer-Member-Resources/Live-Price.aspx>

The Ontario Live Price is based on the 2.15 kg to 2.45 kg weight category pricing.

Catching Rates Paid by Producers for November 21, 2021 – March 12, 2022 are as follows:

TYPE OF LOADING	CATCHING RATE
Modular	\$0.0430/kg
Transfer	\$0.0470/kg
Hand	\$0.0520/kg

BY ORDER OF THE BOARD

Per: 
Karen Kirkwood, Executive Director

Date: November 25, 2021



Minimum Live Price

Period A-173

Effective: November 21, 2021– January 15, 2022

\$1.9115/ kg

Stand-by

\$0.0570/kg

As provided for in Alberta Regulation 3/2000 s (12) - Minimum price to producers FOB the Farm
[Processors shall pay for freight, DOA's and the first 2% of condemned parts (trim)]

ATTENTION: All Registered Producers and Licenced Processors

Please distribute this *Minimum Live Price* notice to those in your operations who require this information - Thank you.

SOFINA	MAPLE LEAF
<p>BROILER CHICKEN - No Grade Basis 1.10 kg up to 1.89 kg live weight Current Price: \$1.8615 per kg</p> <p>BROILER CHICKEN - No Grade Basis 1.90 kg up to 2.35 kg live weight Current Price: \$1.9115 per kg</p> <p>BROILER CHICKEN - No Grade Basis Greater than 2.35 kg Current Price: \$1.8615 per kg</p> <p><i>(Note: This discount only applies if the average flock weight requested by processors is less than 1.90 kg live weight and more than 2.35 kg live weight)</i></p>	<p>BROILER CHICKEN - No Grade Basis 1.10 kg up to 1.89 kg live weight Current Price: \$1.8615 per kg</p> <p>BROILER CHICKEN - No Grade Basis 1.90 kg up to 2.35 kg live weight Current Price: \$1.9115 per kg</p> <p>BROILER CHICKEN - No Grade Basis Greater than 2.35 kg Current Price: \$1.8615 per kg</p> <p><i>(Note: This discount only applies if the average flock weight requested by processors is less than 1.90 kg live weight and more than 2.20 kg live weight)</i></p>
SUNRISE	MOUNTAINVIEW
<p>BROILER CHICKEN - No Grade Basis 1.10 kg up to 1.89 kg live weight Current Price: \$1.8615 per kg</p> <p>BROILER CHICKEN - No Grade Basis 1.90 kg up to 2.35 kg live weight Current Price: \$1.9115 per kg</p> <p>BROILER CHICKEN - No Grade Basis Greater than 2.35 kg Current Price: \$1.8615 per kg</p> <p><i>(Note: This discount only applies if the average flock weight requested by processors is less than 2.05 kg live weight and more than 2.35 kg live weight)</i></p>	<p>BROILER CHICKEN - No Grade Basis 1.10 kg up to 1.89 kg live weight Current Price: \$1.8615 per kg</p> <p>BROILER CHICKEN - No Grade Basis 1.90 kg up to 2.35 kg live weight Current Price: \$1.9115 per kg</p> <p>BROILER CHICKEN - No Grade Basis Greater than 2.35 kg Current Price: \$1.8615 per kg</p> <p><i>(Note: This discount only applies if the average flock weight requested by processors is less than 1.80 kg live weight and more than 2.10 kg live weight)</i></p>

BY ORDER OF THE BOARD

Per: 
Karen Kirkwood, Executive Director

Date: November 25 2021

Christine Rickson

From: Karen Miller <KMiller@chicken.ab.ca>
Sent: Tuesday, January 18, 2022 7:11 AM
Cc: David Hyink External Email; Dennis Steinwand; Jason Born; Rob Van Diemen; Wes Nanninga; Ashley Ward; Karen Kirkwood; Karen Miller; Laurie Power; Maria Leslie; Robert Renema; Vera Ward
Subject: Live Price for A-174 Final Board approved price
Attachments: 2022-Period A-174.pdf

Good Day,

Attached is the Board Minimum Price Order for A-174 effective January 16, 2022 to March 12, 2022 Alberta's Live Price for A-174 has been set at \$1.9623/kg, representing an increase of \$0.0508/kg (5.08 cents) from last period (A-173).

Regards,

Karen

Karen Miller

Business & Market Analyst
Direct line: 780-466-4233
Cell: 780-983-1007
Office: 780-488-2125 X102
Email: kmiller@chicken.ab.ca



2518 Ellwood Drive SW, Edmonton, AB T6X 0A9
tel: 780.488.2125 | fax: 780.488.3570
email: abcp@chicken.ab.ca | website: www.chicken.ab.ca

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Minimum Live Price

Period A-174

Effective: January 16, 2022 – March 12, 2022

\$1.9623/ kg

ATTENTION: All Registered Producers and Licenced Processors

Please distribute this *Minimum Live Price* notice to those in your operations who require this information - Thank you.

As provided for in Alberta Regulation 3/2000 s (12) - Minimum price to producers FOB the Farm

[Processors shall pay for freight, DOA's and the first 2% of condemned parts (trim)]

SOFINA	MAPLE LEAF
<p>BROILER CHICKEN - No Grade Basis 1.10 kg up to 1.89 kg live weight Current Price: \$1.9123 per kg</p> <p>BROILER CHICKEN - No Grade Basis 1.90 kg up to 2.35 kg live weight Current Price: \$1.9623 per kg</p> <p>BROILER CHICKEN - No Grade Basis Greater than 2.35 kg Current Price: \$1.9123 per kg</p> <p><i>(Note: This discount only applies if the average flock weight requested by processors is less than 1.90 kg live weight and more than 2.35 kg live weight)</i></p>	<p>BROILER CHICKEN - No Grade Basis 1.10 kg up to 1.89 kg live weight Current Price: \$1.9123 per kg</p> <p>BROILER CHICKEN - No Grade Basis 1.90 kg up to 2.35 kg live weight Current Price: \$1.9623 per kg</p> <p>BROILER CHICKEN - No Grade Basis Greater than 2.35 kg Current Price: \$1.9123 per kg</p> <p><i>(Note: This discount only applies if the average flock weight requested by processors is less than 1.90 kg live weight and more than 2.20 kg live weight)</i></p>
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Catching Rates Paid by Producers for November 21, 2021 – March 12, 2022 are as follows:

TYPE OF LOADING	CATCHING RATE
Modular	\$0.0430/kg
Transfer	\$0.0470/kg
Hand	\$0.0520/kg
Stand-by	\$0.0570/kg

BY ORDER OF THE BOARD

Per: 
Karen Kirkwood, Executive Director

Date: January 17, 2022



TO: ALL BC CHICKEN GROWERS AND PROCESSORS

November 19, 2021

PRICING ORDER #164

The British Columbia Chicken Marketing Board orders as follows:

- (1) The minimum prices to be paid by Processors to Growers for chicken marketed in the Province of British Columbia on all product contracted for or otherwise designated by the Board to be shipped in the Period A-173 (November 21, 2021 – January 15, 2022) shall be as follows:
- (2)

<u>Average Live Weight</u>	<u>Price per kilogram live weight</u>
1,600 kg and below	\$1.9410
1,601 – 1,700 kg	\$1.9830
1,701 – 1,780 kg	\$1.9870
1,781 – 1,850 kg	\$1.9760
1,851 – 1,950 kg	\$1.9610
1,951 – 2,020 kg	\$1.9440
2,021 – 2,100 kg	\$1.9410
2,101 – 2,170 kg	\$1.9410
2,171 – 2,250 kg	\$1.9380
2,251 – 2,500 kg	\$1.9360
2,501 – 2,730 kg	\$1.9280
2,731 – 3,180 kg	\$1.9850
3,181 kg and above	\$2.0390

Included in live price are catching costs of \$0.0365 per kilogram, which are charged back to producer by the processor.

- (3) All prices are f.o.b. farm.
- (4) This order shall remain in effect until rescinded, varied or amended by further order of the Board.
- (5) The targeted weight shall be as specified on the contract.
- (6) Tolerance on a flock is plus or minus 6% from targeted weight.
- (7) If flock average weight falls within targeted weight tolerances (i.e., weight range plus or minus 6%) but the average weight is in a different category, the price payable will be determined by the average weight delivered.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. H. Sasaki, Chair

****Please see the next 2 pages for additional information related to the A-173 Pricing Order****

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Unit 220 - 1848 McCallum Road, Abbotsford, BC V2S 0H9 PHONE 1.604.859.2868 | www.bcchicken.ca



1. Change from previous period: This represents a decrease of \$0.025/kg from period A-172.

2. Levies: A levy of \$0.0202 on all payable weight is to be deducted from the grower by the processor and remitted to the BCCMB as per Part 14 *Fees and Levies* of the BCCMB General Orders.

BC Levy Rate Breakdown:

BCCMB portion	\$0.0145 per kilogram live weight
CFC portion	\$0.0057 per kilogram live weight
<u>TOTAL</u>	<u>\$0.0202 per kilogram live weight</u>

3. Pricing formula:

The pricing formula that has been used to establish the minimum live price for period A-173 is comprised of the following components:

The Ontario live price at their 2.45 – 2.65 kilogram weight category, Plus,
The current BC catching cost of \$0.0365 per kilogram, Plus,
75% of the difference in the cost of feed and chicks per kilogram.

For information purposes only; CFO did include modular loading and AI insurance cost recoveries in their live price calculations for period A-173. This has no effect on the BC live price as these factors have been excluded from the BC live pricing formula.

Beginning in period A-163, the Ontario Broiler Hatching Egg and Chick Commission (OBHECC) has applied a charge of \$0.0006 per chick related to emergency depopulation services. This charge has been added to the base chick price in Ontario but has been excluded from the linkage calculations and the BC pricing formula for period A-173.

a) This formula was developed as an interim measure to be used for periods A-151 through A-156 and contain minimum (\$0.0970) and maximum (\$0.1249) differentials per kilogram between the Ontario and BC live price. The interim pricing formula was appealed to BCFIRB by the BCCGA and PPPABC late in 2018. The BCCMB's position was upheld in a decision issued by BCFIRB in May 2019. FIRB instituted a Supervisory Review on Interim Pricing Next Steps on June 8, 2020. The Board via its June 26, 2020, submission to FIRB recommended FIRB should not intervene with any changes to the Chicken Boards current pricing formula at this time.

b) The catching price of \$0.0365 per kilogram is included in the live price but is deducted from the grower's net proceeds in order to reimburse the processor for the cost of catching the birds.

c) The Pricing Working Group (PWG), established in September 2019 to make recommendations on a long-term pricing agreement, was unable to have their work completed in time for period A-161 however provided a recommendation in January 2020 to the PPAC which has been endorsed by the Board commencing period A-161. Continuing for period A-173, the formula will retain the exception of removal of the 6-period rolling average from the chick and feed price differential calculation. The PWG process was interrupted by the COVID-19 pandemic and subsequently discontinued as a result of the BC Farm Industry Review Board Supervisory Pricing Review Process in June 2020.



The numbers indicated by the formula to calculate the A-173 minimum live price:

Ontario price (2.45-2.65 category)	\$1.8300
Minus CFO modular loading recovery	\$0.0120
Minus CFO AI Insurance recovery	\$0.0015
Minus OBHECC chick levy	\$0.0006
NET Ontario price	\$1.8159
Plus BC Catching price	\$0.0365
Plus 75% Feed and chick differential	\$0.1912

*The formula yields a difference in the live prices between Ontario and BC of \$0.2278 which falls outside the upper guardrail of a maximum (\$0.1249). Therefore, the upper guardrail of \$0.1249 was used to calculate A-173 price as described in note 3 (a) above.

Christine Rickson

From: Shawn Mallon
Sent: Friday, January 14, 2022 6:04 PM
To: Woody Siemens; Christine Rickson
Subject: FW: BCCMB - A-174 Mainstream Pricing
Attachments: A-174 Mainstream Pricing Order.pdf

Good Evening,

Please find attached the pricing order for A-174. The mainstream price was set in accordance with the current formula with a modification to the catching cost; increasing from \$0.0365/kg to \$0.040/kg effective this period. As per the Board's pricing order "the guardrails will be adjusted to reflect any changes in catching costs". As such the guardrails have been increased by \$0.0035/kg effective this period.

In accordance with the Board's decision on the A-173 request for Exceptional Circumstance in which the Board served notice "to BCFIRB of its intension to propose amendments to the existing formula for the FIRB Review Panel's prior approval for quota period A-174", the Board will be proposing to amend the current formula to include provision to cover 50% of the current formula cost exceeding the upper guardrail (now set at \$0.1284/kg) to address the continued escalation of feed ingredient costs facing BC growers after further consultation with stakeholders. If approved for quota period A-174 this would amount to an additional \$0.0616/kg.

Thank you

Shawn Mallon, MSc
Manager of Administration



BC Chicken Marketing Board
#220 – 1848 McCallum Rd
Abbotsford, B.C. V2S 0H9
Phone: 604-859-2868



TO: ALL BC CHICKEN GROWERS AND PROCESSORS

January 14, 2022

PRICING ORDER #165

The British Columbia Chicken Marketing Board orders as follows:

- (1) The minimum prices to be paid by Processors to Growers for chicken marketed in the Province of British Columbia on all product contracted for or otherwise designated by the Board to be shipped in the Period A-174 (January 16, 2022 – March 12, 2022) shall be as follows:

(2)

<u>Average Live Weight</u>	<u>Price per kilogram live weight</u>
1.600 kg and below	\$1.9510
1.601 – 1.700 kg	\$1.9930
1.701 – 1.780 kg	\$1.9970
1.781 – 1.850 kg	\$1.9860
1.851 – 1.950 kg	\$1.9710
1.951 – 2.020 kg	\$1.9540
2.021 – 2.100 kg	\$1.9510
2.101 – 2.170 kg	\$1.9510
2.171 – 2.250 kg	\$1.9480
2.251 – 2.500 kg	\$1.9460
2.501 – 2.730 kg	\$1.9380
2.731 – 3.180 kg	\$1.9950
3.181 kg and above	\$2.0490

Included in live price are catching costs of \$0.04 per kilogram, which are charged back to producer by the processor.

- (3) All prices are f.o.b. farm.
(4) This order shall remain in effect until rescinded, varied or amended by further order of the Board.
(5) The targeted weight shall be as specified on the contract.
(6) Tolerance on a flock is plus or minus 6% from targeted weight.
(7) If flock average weight falls within targeted weight tolerances (i.e., weight range plus or minus 6%) but the average weight is in a different category, the price payable will be determined by the average weight delivered.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. H. Sasaki, Chair

****Please see the next 2 pages for additional Information related to the A-174 Pricing Order****

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Unit 220 - 1848 McCallum Road, Abbotsford, BC V2S 0H9 PHONE 1.604.859.2868 | www.bcchicken.ca



1. **Change from previous period:** This represents an increase of \$0.01/kg from period A-173.

2. **Levies:** A levy of \$0.0202 on all payable weight is to be deducted from the grower by the processor and remitted to the BCCMB as per Part 14 *Fees and Levies* of the BCCMB General Orders.

BC Levy Rate Breakdown:

BCCMB portion	\$0.0145 per kilogram live weight
CFC portion	\$0.0057 per kilogram live weight
TOTAL	\$0.0202 per kilogram live weight

3. Pricing formula:

The pricing formula that has been used to establish the minimum live price for period A-174 is comprised of the following components:

The Ontario live price at their 2.45 – 2.65 kilogram weight category, **Plus,**
The current BC catching cost of \$0.04 per kilogram, **Plus,**
75% of the difference in the cost of feed and chicks per kilogram.

For information purposes only: CFO did include modular loading and AI insurance cost recoveries in their live price calculations for period A-174. This has no effect on the BC live price as these factors have been excluded from the BC live pricing formula.

Beginning in period A-163, the Ontario Broiler Hatching Egg and Chick Commission (OBHECC) has applied a charge of \$0.0006 per chick related to emergency depopulation services. This charge has been added to the base chick price in Ontario but has been excluded from the linkage calculations and the BC pricing formula for period A-174.

a) This formula was developed as an interim measure to be used for periods A-151 through A-156 and contain minimum (\$0.1005) and maximum (\$0.1284) differentials per kilogram between the Ontario and BC live price. The interim pricing formula was appealed to BCFIRB by the BCCGA and PPPABC late in 2018. The BCCMB's position was upheld in a decision issued by BCFIRB in May 2019. FIRB instituted a Supervisory Review on Interim Pricing Next Steps on June 8, 2020. The Board via its June 26, 2020, submission to FIRB recommended FIRB should not intervene with any changes to the Chicken Boards current pricing formula at this time.

b) The catching price of \$0.04 per kilogram is included in the live price but is deducted from the grower's net proceeds in order to reimburse the processor for the cost of catching the birds.

c) The Pricing Working Group (PWG), established in September 2019 to make recommendations on a long-term pricing agreement, was unable to have their work completed in time for period A-161 however provided a recommendation in January 2020 to the PPAC which has been endorsed by the Board commencing period A-161. Continuing for period A-174, the formula will retain the exception of removal of the 6-period rolling average from the chick and feed price differential calculation. The PWG process was interrupted by the COVID-19 pandemic and subsequently discontinued as a result of the BC Farm Industry Review Board Supervisory Pricing Review Process in June 2020.



The numbers indicated by the formula to calculate the A-174 minimum live price:

Ontario price (2.45-2.65 category)	\$1.8370
Minus CFO modular loading recovery	\$0.0120
Minus CFO AI Insurance recovery	\$0.0015
Minus OBHECC chick levy	\$0.0006
NET Ontario price	\$1.8229
Plus BC Catching price	\$0.0400
Plus 75% Feed and chick differential	\$0.2116

*The formula yields a difference in the live prices between Ontario and BC of **\$0.2516** which falls outside the upper guardrail of a maximum (\$0.1284). Therefore, the upper guardrail of **\$0.1284** was used to calculate A-174 price as described in note 3 (a) above.



**Chicken
Farmers
of Ontario**

FRESH IDEAS, GROWING TOGETHER

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ON GOOD GOVERNANCE.](#)

QUOTA PERIOD

A-173

8:01 PM on November 20,
2021 - 8:00 PM on January 15,
2021

MINIMUM LIVE PRICE

\$1.810/kg

Bird weight category of 2.15kg -
2.45kg

[CLICK HERE](#) to see the change in price
from the last Quota Period

Overview

[COVID-19 Information](#)

[Operational Production
Updates for Farmer-Members](#)

[Advancing Modular Loading](#)

[Chick Supply Optimization](#)

[Farm-Gate Minimum Live
Price](#)

[Feed Cost](#)

[Weekly Feed Prices](#)

[Chick Cost](#)

[Periodic Chick Price](#)

[Avian Influenza \(AI\)
Insurance](#)

[Modular Loading Cost
Recovery](#)

[Producer Margin](#)

[Weight Category Pricing](#)

[Terms and Conditions](#)

[A-169 vs. A-168](#)

[Historical Farm-Gate
Minimum Live Prices - A-
169 to A-173](#)

[Historical Farm-Gate
Minimum Live
Prices - A-161 to A-
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[Historical Farm-Gate
Minimum Live
Prices - 2019](#)

[Farmer-Member Meetings](#)

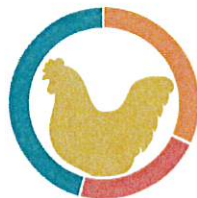
[Quality Chicken & On-Farm
Programs](#)

[CFO Connects](#)

[Food Bank Donation
Program](#)

[Market Development
Program](#)

Weight Category Pricing



AVERAGE LIVE WEIGHT	FGMLP PER KG
Below .90 kgs	\$1.810
.90 kgs to 1.10 kgs inclusive	\$1.980
Over 1.10 kgs to 1.60 kgs	\$1.810
Over 1.60 kgs to 1.77 kgs inclusive	\$1.850
Over 1.77 kgs to 1.84 kgs	\$1.810
Over 1.84 kgs to 1.95 kgs	\$1.830
Over 1.95 kgs to 2.15 kgs inclusive	\$1.840
Over 2.15 kgs to 2.45 kgs	\$1.810
Over 2.45 kgs to 2.65 kgs	\$1.830
Over 2.65 kgs to 3.2 kgs inclusive	\$1.860
Over 3.2 kgs to 3.5 kgs	\$1.860
Over 3.5 kgs	\$1.870

[CLICK HERE](#) to access additional Terms and Conditions pertaining to Additional Live Weight Categories

[CLICK HERE](#) to access Historical Farm-Gate Minimum Live Prices by Weight Category



[CLICK HERE FOR MORE INFORMATION
ON GOOD GOVERNANCE.](#)

QUOTA PERIOD

A-174

8:01 PM on January 15, 2021 -
8:00 PM on March 12, 2022

MINIMUM LIVE PRICE

\$1.817/kg

Bird weight category of 2.15kg -
2.45kg

[CLICK HERE](#) to see the change in price
from the last Quota Period

Overview

COVID-19 Information

Operational Production
Updates for Farmer-Members

Advancing Modular Loading

Chick Supply Optimization

**Farm-Gate Minimum Live
Price**

Feed Cost

Weekly Feed Prices

Chick Cost

Periodic Chick Price

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Weight Category Pricing

Terms and Conditions

A-174 vs. A-173

A-169 vs. A-168

Historical Farm-Gate
Minimum Live Prices - A-
169 to A-173

Historical Farm-Gate
Minimum Live
Prices - A-161 to A-
168

Historical Farm-Gate
Minimum Live
Prices - 2019

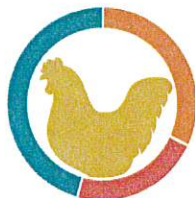
Farmer-Member Meetings

Quality Chicken & On-Farm
Programs

CFO Connects

Food Bank Donation
Program

Weight Category Pricing



AVERAGE LIVE WEIGHT	FGMLP PER KG
Below .90 kgs	\$1.817
.90 kgs to 1.10 kgs inclusive	\$1.987
Over 1.10 kgs to 1.60 kgs	\$1.817
Over 1.60 kgs to 1.77 kgs inclusive	\$1.857
Over 1.77 kgs to 1.84 kgs	\$1.817
Over 1.84 kgs to 1.95 kgs	\$1.837
Over 1.95 kgs to 2.15 kgs inclusive	\$1.847
Over 2.15 kgs to 2.45 kgs	\$1.817
Over 2.45 kgs to 2.65 kgs	\$1.837 *
Over 2.65 kgs to 3.2 kgs inclusive	\$1.867
Over 3.2 kgs to 3.5 kgs	\$1.867
Over 3.5 kgs	\$1.877

[CLICK HERE](#) to access additional Terms and Conditions pertaining to Additional Live Weight Categories

[CLICK HERE](#) to access Historical Farm-Gate Minimum Live Prices by Weight Category

ent from my iPhone

On Jan 14, 2022, at 4:31 PM, Woody Siemens <WoodySiemens@bcchicken.ca> wrote:

Comparison - Broiler Demographics & Production

General Information	2019	2015
Farms Used	14	43
Production as a % of Quota	113%	122%
Total Cycles Considered	97	247
Average Production for Sample	112,682	105,555
Days to Market - calculate if not available	38.2	36.37
Feed Conversion	1.65	1.61
Mortality (%) - calculate if not available	5.52%	4.90%
% Condemnation(calculated)	1.42%	1.60%
Average Bird Weight (kg)	2.21	2.13
Barn Space Utilization kg/ft ²	2.80	2.61

DRAFT - For Discussion Purposes Only



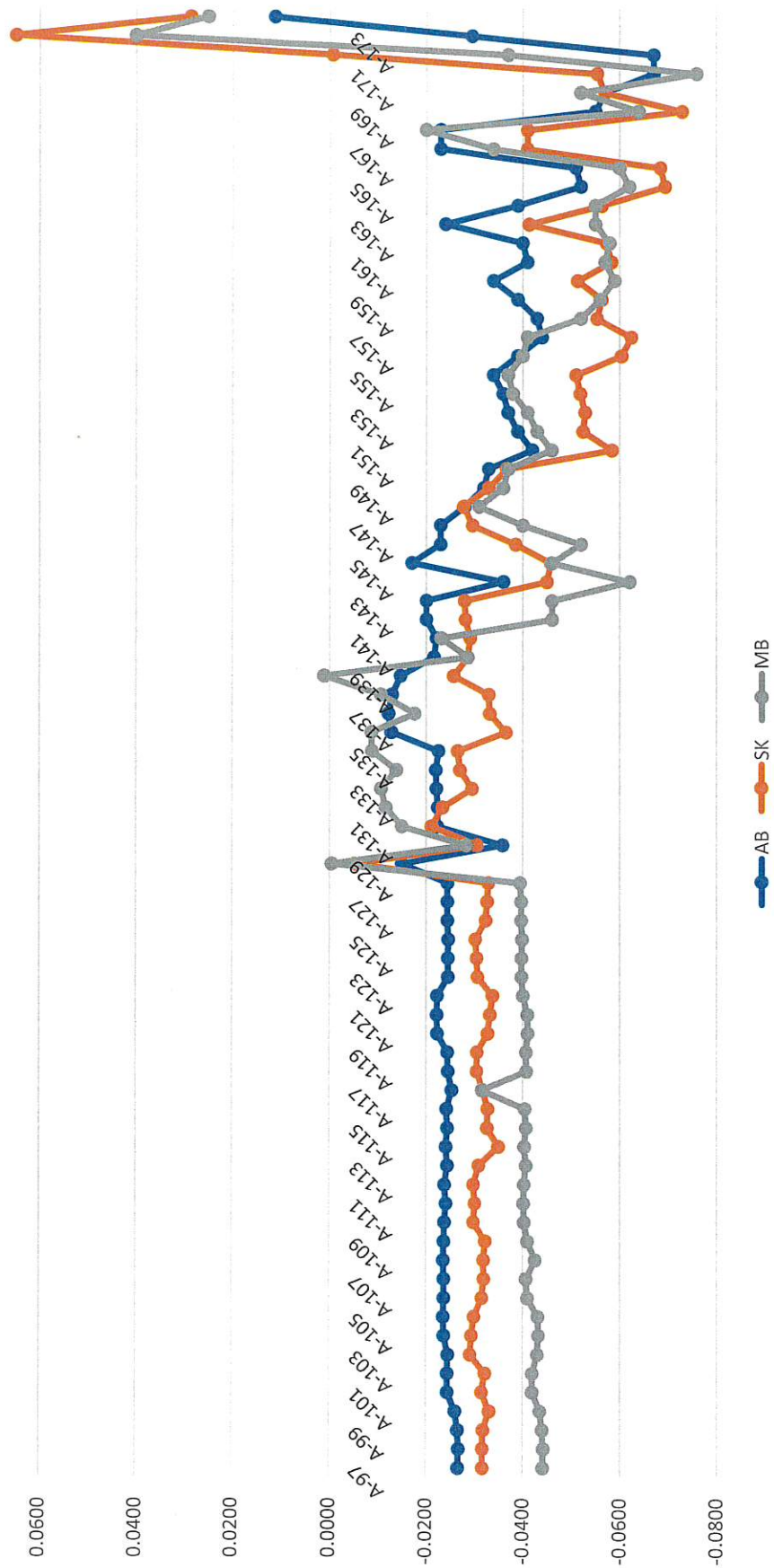
Thanks,

Woody Siemens B.Sc, MBA, P.Ag, CSCP
Executive Director

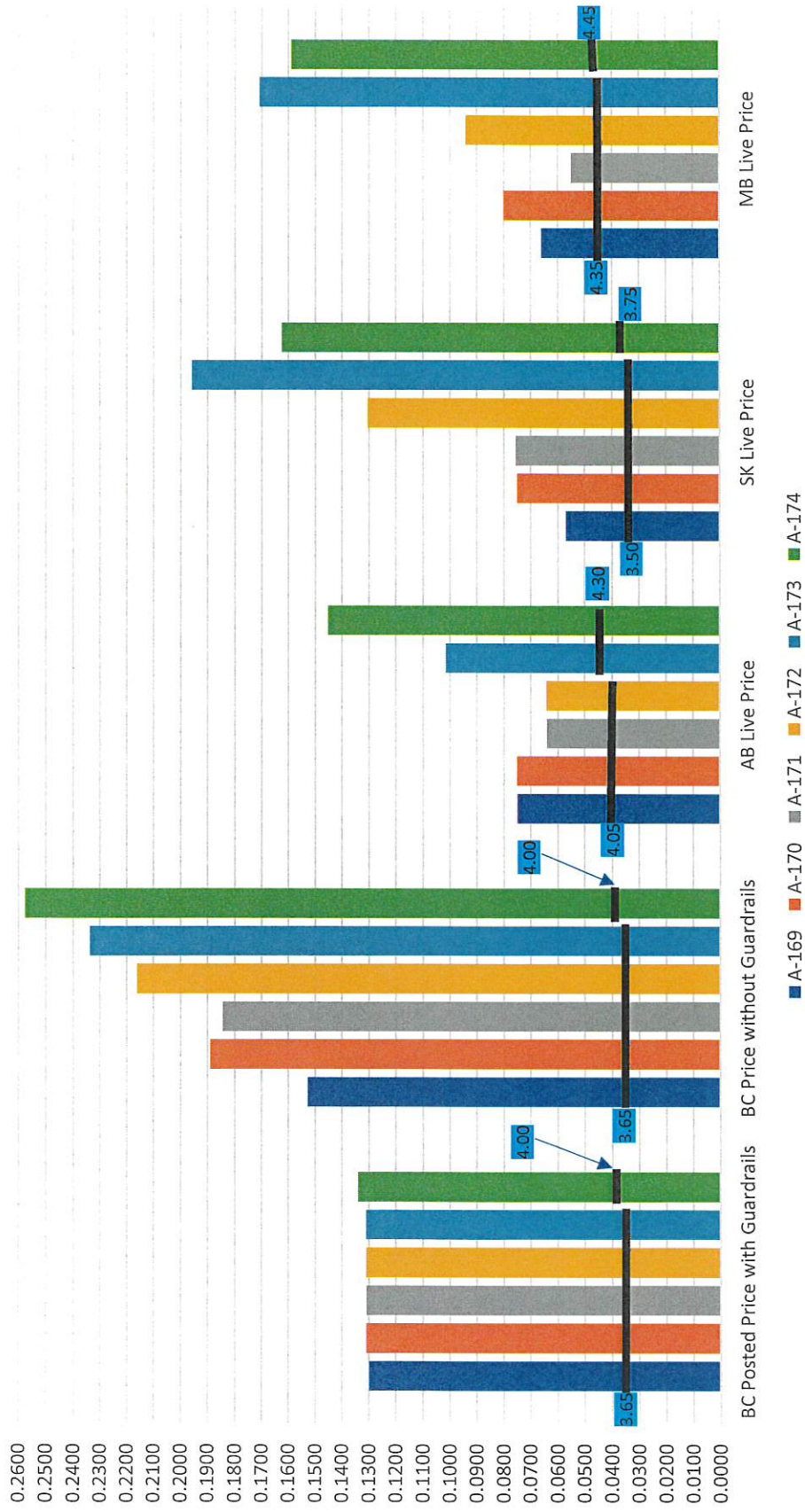


BC Chicken Marketing Board
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Prairie Provinces Posted Price Differential over BC from A-97 to A-174



BC Posted Price with and without Guardrails and Western Provinces Posted Price Differentials over Ontario from A-169 to A-174





January 18, 2022

VIA EMAIL

Mr. Harvey Sasaki
Chair, BC Chicken Marketing Board

Dear Harvey:

Re: Request for Immediate Input – Changes to BC Live Price Formula

The Primary Poultry Processors Association of BC (PPPABC) writes in response to your letter dated January 14, 2022 requesting feedback and positions (acceptance or rejection) on the BC Chicken Marketing Board's (BCCMB) proposal to change the live price formula for regular broilers. The BCCMB's current formula calculates the live price for A-174 as \$1.951 per kilogram, as outlined in Pricing Order #165, and the BCCMB pricing proposal would increase this price by 6.16 cents to \$2.013 per kilogram in response to increased feed pricing.

The PPPABC rejects the proposed BC live price formula change put forward by the BCCMB and, in addition to the feedback already provided on this matter in correspondence to the BCCMB dated December 14, 2021, December 24, 2021, and January 11, 2022 (all attached, for reference), provides the feedback outlined below. The PPPABC has reviewed, analyzed, and discussed the BCCMB proposal and is still of a mind that the situation does not warrant a modification to the current pricing formula.

1. Proposal Does Not Consider Grower Returns and Processor Competitiveness

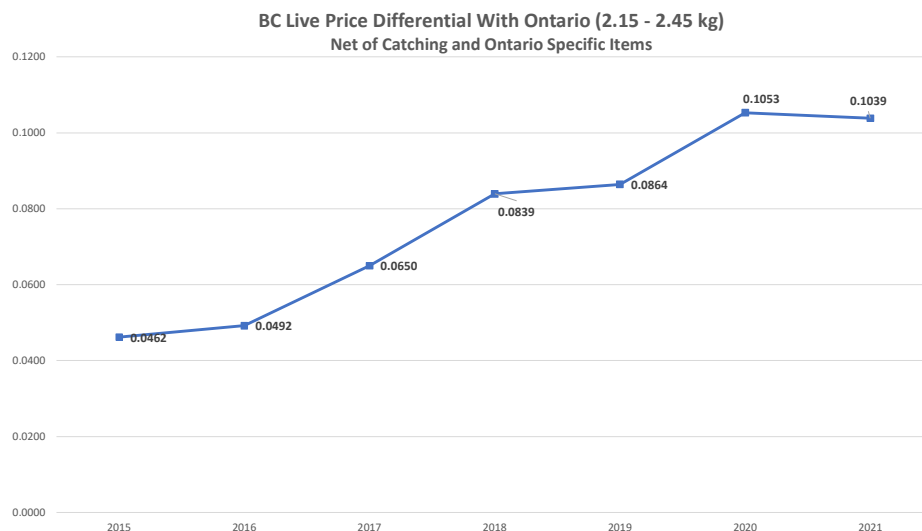
- The fundamental issues of reasonable returns for growers and processor competitiveness are not considered in this pricing proposal. Further to this, there is no analysis, comment, or consideration as to whether:
 - i. in the absence of this pricing proposal, growers would receive a fair rate of return;
 - ii. this pricing proposal would further compromise BC processors' competitive position.
- There is no analysis to suggest the pricing proposal is needed to provide industry stability, promote orderly marketing, and keep the BC industry competitive. Further, processor competitiveness appears to have been disregarded.
- With the BCCMB's proposal to change the live price formula and increase the BC Live price to \$2.013 per kilogram in A-174, they have once again rejected the opportunity to provide a solution that meets requirements of balancing reasonable grower returns with processor competitiveness.

2. Proposal Focuses Solely on Feed Costs and Ignores Other Factors Such as Previous and Current Margin Increases Generated Through the Ontario COPF

- The BCCMB proposal focuses solely on changes in feed costs and does not consider any other material factors. As an example, the BCCMB proposal ignores the margin increase of approximately 5 cents per kilogram that was received by BC growers because of the changes to the ONCOPF in A-169. Nor does the BCCMB pricing proposal account for, or even consider, the increases in ONCOPF producer margin that will add an additional 5.46 cents to grower returns in A-174 and A-175.
- The BCCMB, by focusing solely on one pricing component (feed) and basing their proposal on this one component, fails to consider the fact that, even when faced with the substantive feed price increases, grower returns are currently in the same range as they were at the start of the supervisory review.
- Due to the live price increases received by way of ONCOPF adjustments, if feed price differentials were at normal levels, BC growers would be experiencing record profits, while at the same time BC Processors would be experiencing record pricing and competitiveness disadvantages.

3. Processor Competitiveness: The Current Differentials are not Competitive with Ontario and the BCCMB Proposal Would Make This Position Substantively Worse

- The BCCMB's pricing proposal would increase the BC live price to \$2.013 and result in a net live price differential with Ontario of \$0.17 per kilogram which would be the greatest differential that has ever been experienced in BC.
- As shown on the graph below the live price differential with Ontario in 2021 has more than doubled since 2015 and for A-172 and A-173 is running close to \$0.11 per kilogram excluding catching. The BCCMB pricing proposal would increase this differential to 17 cents per kilogram in A-174.

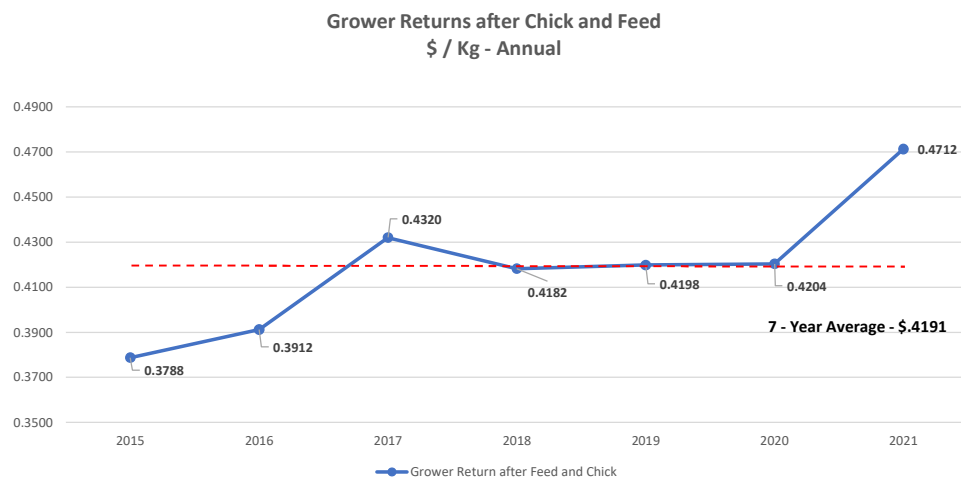


- BC Processors, through the BCFIRB pricing review process, clearly demonstrated the competitive nature of our industry and showed the cost disadvantages we currently face

that include but are not limited to just live bird. This decision would make this situation substantially worse.

4. Grower Returns: Returns are Very Strong due to ONCOPF Margin Increases. On That Basis, the Impact of the Feed Cost Differential is Largely Mitigated and/or Eliminated

- Even though the BC Pricing formula has been “frozen” since A-164, BC growers have, and are continuing to realize, significant improvements in their financial returns because of changes to the Ontario Cost of Production Formula (ONCOPF).
 - In A-169, the ONCOPF eliminated the “annual adjustments” and provided an increase in margin of approximately 5 cents per kilogram to the BC industry.
 - BC processors expected to recapture a portion of these annual adjustments given that they were used to increase the BC live price however the live price formula “lock down” prevented this from happening
 - In A-174, the producer margin in the ONCOPF increased by a further 2 cents and this benefit is flowing directly to BC growers
 - The producer margin in the ONCOPF is increasing again by another 3.46 cents in A-175 and these benefits will again flow directly to BC growers through the current live price formula.
- Since A-169, the ONCOPF will provide over 10 cents of price improvement to the BC industry with virtually all of it flowing directly to growers which is increasing returns to help offset current feed pricing but has not done anything for processor competitiveness.
- In addition, the chart below shows how changes to the ONCOPF have impacted grower returns in 2021 increasing them to record levels under the current formula. This has helped to offset the increases in feed pricing. In fact, grower returns in 2021 have increased by 12% over 2019 / 2020 even with the shift in commodity prices.



5. Balanced Analysis: The BCCMB Pricing Proposal Does Not Balance Reasonable Returns and Processor Competitiveness

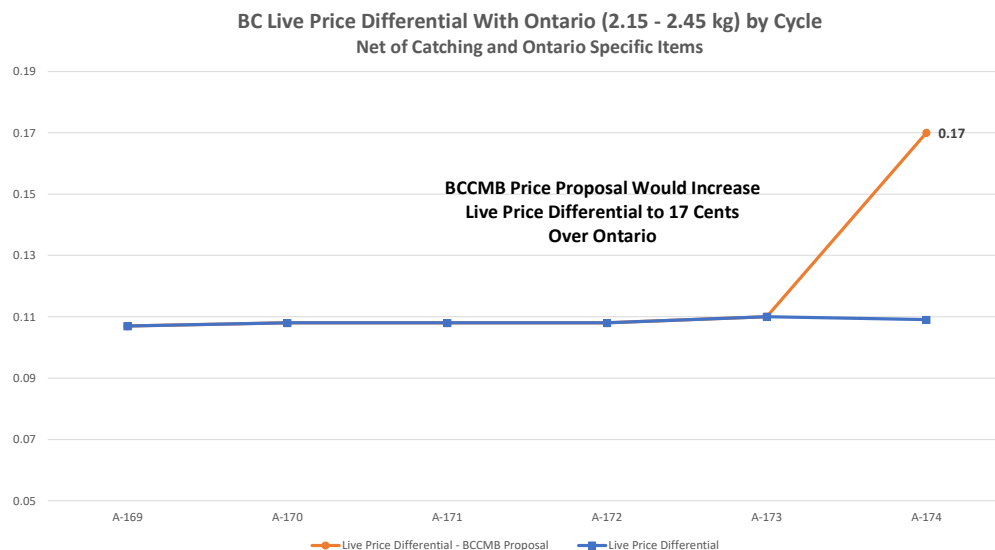
- If the BCCMB had properly analyzed the impact of their pricing proposal they would see, as shown in the tables below, that their proposal would:

- a) Increase BC grower returns to extremely high levels;
 - b) place BC processors, who are already compromised by the existing price formula, into a competitive position that was previously thought to be unfathomable.
- The tables below analyze grower returns (as defined by return after feed and chick and catching) as well as processor competitiveness and show that despite the shift in feed commodities (corn and wheat price inversion) that:
 - the current pricing formula, in A-173 and A-174, will deliver returns consistent with what growers were realizing in 2019 / 2020 at the beginning of the supervisory review with returns expected to increase to almost 45 cents in A-175.
 - show that the BCCMB live price proposal would increase grower returns to a near record level of 47 cents per kilogram in A-174 well over the 2019 / 2020 average and holding feed, chick and catching costs constant, returns would be beyond 50 cents in A-175.
 - on the other hand, processor competitiveness over the same periods would deteriorate with the live price differential (net of catching and Ontario specific items) increasing from almost 11 cents to over 17 cents which would be a record differential.

Grower Returns After Feed and Chick (Net of Catching)	Average 2019 - 2020	A-173	A-174 Current	A-174 Proposed	A-175 Expected	A-175 Proposed
BC Live Price – 2.021 – 2.170 kg	1.6807	1.941	1.951	2.013	1.986	2.0476
Catching Costs	0.0365	0.0365	0.0400	0.0400	0.0400	0.0400
Feed and Chick Costs*	1.2241	1.4847	1.4982	1.4982	1.4982	1.4982
Return After Feed and Chick	0.4201	0.4198	0.4128	0.4748	0.4478	0.5094

Processor Competitiveness Live Price Differential with Ontario	Average 2019 - 2020	A-173	A-174 - Current	A-174 Proposed	A-175 Expected	A-175 Proposed
Net BC Live Price	1.6442	1.9045	1.9110	1.973	1.946	2.0076
Net Ontario Live Price	1.5484	1.795	1.802	1.802	1.837	1.837
Live Price Differential	0.0959	0.1095	0.1090	0.1710	0.1090	0.1710

- The graph below shows the impact of the BCCMB proposed pricing formula on the live price differential with Ontario compared to the existing formula for A-174/



6. Proposal Biases the Supervisory Review

- The BCCMB proposal to increase the live price by an additional 6.16 cents in A-174 would effectively increase grower returns to \$0.4748 and to \$0.5094 in A-175 after feed and chick with no consideration for processor competitiveness.
- If the proposed pricing formula is implemented, the BCCMB is essentially establishing a new benchmark for what constitutes a “reasonable return for growers” and what defines “processor competitiveness” with no data or rationale to support these benchmarks.
- In fact, the BCCMB has provided no rationale in their proposal as to why this level of grower return is required nor have they provided any support as to why the live price should increase by 50% of the amount that exceeds the upper guardrail.
- By not providing any clear rationale for their pricing proposal, the BCCMB is inviting this level of grower return and live price differential to enter the supervisory review discussions. This will bias and undermine the objectivity of the BCCMB in the Live Price Supervisory Pricing Review Process and be detrimental to future discussions.
- The PPPABC believes the Supervisory Review process has already been compromised through the BCCMB’s A-174 Price Bulletin where the cover email from Shawn Mallon dated January 17, 2022 (attached) states, “In accordance with the Board’s decision on the A-173 request for Exceptional Circumstance in which the Board served notice “to BCFIRB of its intention to propose amendments to the existing formula for the FIRB Review Panel’s prior approval for quota period A-174”, the Board will be proposing to amend the current formula to include provision to cover 50% of the current formula cost exceeding the upper guardrail (now set at \$0.1284/kg) to address the continued escalation of feed ingredient costs facing BC growers after further consultation with stakeholders. If approved for quota period A-174 this would amount to an additional \$0.0616/kg.” In providing this direction to BC Broiler Growers the BCCMB is recommending that a return after feed and chick of \$0.47 cents is a reasonable return for BC Broiler Growers.
- The BCCMB’s price bulletin is setting expectations with growers that, if unfulfilled, will have ramifications for processors who do not support the BCCMB pricing proposal. The BCCMB has provided no rationale for their proposal and risks influencing the supervisory review process by unfairly setting grower return expectations.

It also needs to be recognized that the feed anomaly we are experiencing is not a ‘once in a lifetime’ event. Differing input costs happen from time to time in the industry, albeit generally not to the current magnitude. There have been numerous instances in the past where this type of feed difference has taken place, both to the detriment, and to the benefit of, both processors and growers. For example, in A-167 and A-168 when feed prices between Ontario and BC were very close, this had a significant benefit to BC growers. However, in this instance, there was no contemplation of reducing the live price to assist processors and enhance their competitiveness. This is the first time in history that the BCCMB is proposing a price formula adjustment of this magnitude to the benefit of growers.

The PPPABC recognizes the changing dynamics in feed commodities that is occurring in Western Canada, but we do not accept the pricing actions being taken by the other Western Boards. Marketing Boards across the west are ignoring the benefits that are accruing to growers through increased prices coming from the ONCOPF and have focused exclusively on

feed differentials to achieve their outcome of maintaining and increasing their returns, while at the same time severely compromising the competitiveness of their local processors.

The PPPABC also offers further comments with respect to potential harm the implementation of BCCMB pricing proposal recommendation would cause to the BC chicken industry.

1. Inconsistent with Market Stability and Sound Marketing

- As was previously stated, the implementation of the BCCMB recommendation is establishing a “47 – 50 cents after feed and chick” benchmark as the low end of a reasonable return for growers and similarly establishing a 17- 21 cent live price differential as an acceptable level for processor competitiveness without providing any rationale or support for those metrics.
- The implementation of the BCCMB pricing proposal will undermine the objectivity of the current pricing review by setting up unrealistic expectations for BC growers.

2. Reduce Allocations and Industry Growth

- With the live price being recommended by the BCCMB is combined with the live pricing that is surfacing in the Prairies, PPPABC members will be looking for reduced production allocations. Consumer demand will soften as prices increase and poultry’s competitive advantage with other proteins will be reduced.
- Processors will experience increased losses on export volumes as these prices are set internationally and our costs will increase. This will also result in reduced market development allocations in the province.

3. Redistribution and Re-Tooling of Supply Chains

- Processors will be vulnerable to losing business to processors in Central Canada. The longer an increased pricing differential is in place, the greater the likelihood that customers will redirect supply chains to cheaper jurisdictions.
- BC processors and further processors will be faced with a variety of decisions as it relates to the proposed increase brought forward by the BCCMB.
 - In cases where they have fixed price contracts, they will be forced to absorb the increase.
 - In cases where they have live priced contracts, there may be opportunities to pass on the increases but in doing so there will be significant risk in losing business.

4. Potential Risks to Industry Sustainability in the Future

- The BCCMB in their “BC Chicken Marketing Board Pricing Review Decision, January 7, 2022”, included a “BC Chicken Grower Sustainability Report” delivered by Hugh Scolah, an independent consultant who makes several important observations including but not limited to:
 - “the current approach to pricing hovers around delivering reasonable returns (4.5% excl depreciation) for the median grower excluding land and quota costs”

- "...any price increase over current levels would likely be counter productive as an improvement in cash flow will be capitalized into quota values..."
- "...in many cost categories the A-161 COP model has higher costs than the observed data [actual costs] with the exception of Vancouver Island...."
- Given the magnitude of the live price increase being proposed, it is not clear how many of these observations have been considered by the BCCMB

In summary, the BCCMB pricing proposal if implemented, will increase the competitive disadvantage facing BC processors to levels never experienced before. As a result, we will be forced to request less production due to our inability to compete nationally at these pricing levels. This will happen while Growers are receiving additional margin increases that will take returns to record levels based on changes to the Ontario COPF and the BCCMB proposed formula.

The PPPABC believes that altering the BC Live Price Formula based solely on feed pricing is completely inappropriate. If a fundamental change is to be made to the current pricing formula, it must consider the two main aspects (fair return for growers and processor competitiveness) that are foundational to the supervisory review process. The PPPABC has clearly shown that increases in feed price differentials have not impacted grower returns beyond what they were prior to the start of the supervisory review. The changes to the ONCOPF have increased BC live prices and helped offset the increases in feed costs and maintain returns at their historical level. The BCCMB proposal will increase grower returns to near record levels and create unrealistic expectations that will bias the foundation of the supervisory process by setting new expectations on what are reasonable grower returns and processor competitiveness.

The PPPABC therefore rejects the BCCMB's pricing proposal and supports maintaining the current pricing formula while encouraging the BCCMB to focus on bringing the chicken live pricing supervisory review to a successful conclusion.

Sincerely,



Blair Shier
President
Primary Poultry Processors Association of BC

c. Wendy Holm – BCFIRB Liaison

Attachments:

1. PPPABC Correspondence – Re: Potential Modifications to A-174 BC Live Pricing Formula –
2. PPPABC Correspondence – Re: A-174 Exceptional Circumstances – Addendum – December 24, 2021
3. PPPABC Correspondence – Re: Potential Modifications to A-174 BC Live Price and Changes to ONCOPF – January 11, 2022
4. BCCMB – A-174 – Mainstream Pricing – Email from Shawn Mallon



BC Chicken Growers'
ASSOCIATION

January 18, 2022

DELIVERED VIA EMAIL

Harvey Sasaki, Chair, BC Chicken Marketing Board

RE: Approval to include an adjustment of 50% of the amount exceeding the upper guardrail for A-174

Dear Harvey,

The BC Chicken Growers' Association (BCCGA) is writing in regards the BC chicken Marketing Board's (BCCMB) intention to request prior approval from BCFIRB to provide an adjustment to the existing A-174 pricing formula. The proposed adjustment is calculated to be 50% of 12.32 cents which results in 6.16 cents increase to the live price.

The feed prices across Canada and Western Canada have increased significantly. BC growers have been exceptionally hit hard by the wheat/corn imbalance, amid other increased costs. The upper guardrail for A-174, A-173, A-172, A-170 and A-169 has been keeping growers restricted to these upper guardrail levels. BC growers are moving too far away from their actual costs. The current formula was not meant for such major differences in feed costs. BC chicken growers need to recover all their costs.

The current chicken live pricing structures are unsustainable for the chicken industry. The BC chicken live prices have been significantly below our members' actual Cost of Production ("COP") for the past eight of ten allocation periods. The last three allocation periods (A-172 to A-174) demonstrate the increasing trend of live prices being significantly below our members' actual Cost of Production ("COP").

Period	BC Live Price	COP	Below COP
A-174	\$ 1.951	\$ 2.12	-\$ 0.167
A-173	\$ 1.941	\$ 2.10	-\$ 0.156
A-172	\$ 1.966	\$ 2.09	-\$ 0.125
A-171	\$ 1.996	\$ 2.08	-\$ 0.082
A-170	\$ 1.951	\$ 2.03	-\$ 0.083
A-169	\$ 1.950	\$ 1.99	-\$ 0.038
A-168	\$ 1.812	\$ 1.81	-\$ 0.000
A-167	\$ 1.757	\$ 1.84	-\$ 0.082
A-166	\$ 1.690	\$ 1.83	-\$ 0.140
A-165	\$ 1.684	\$ 1.83	-\$ 0.145

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Beyond belief, during the allocation periods A-173 and A-174, Saskatchewan and Manitoba have reported higher live prices than BC. Only once in the past 20 plus years has BC's live price been lower than any Prairie Province.

BC's significantly higher feed prices during periods A-173 and A-174 are well known to the processors and the BCCMB and historically BC has had the highest live price of the Western Provinces in part due to the BC producers' distance to the supply of grains. This imbalance is causing harm to BC growers as the costs for producers continue to be higher than sustainable.

These period pricing inadequacies could have been avoided by proactively setting the live prices for BC Chicken, given the higher feed costs, as was done with the two other Prairie provinces. We need our authoritative bodies to recognize these inadequacies and protect BC Chicken Growers.

Given these extraordinary circumstances, the BCCGA believes that the BCCMB's proposal will help balance the interests of the processors and growers. As such, the BCCGA accepts the proposed adjustment for A-174.

Sincerely,



Dale Krahn, President
BC Chicken Growers' Association

Cc: Peter Donkers, BCFIRB Panel Chair
Kirsten Pedersen, FIRB Executive Director
Lana Popham, BC Minister of Agriculture
Ian Paton, Official Opposition Critic for Agriculture and Food.



BC Chicken Growers'
ASSOCIATION

RE: A note on the A-174 Exceptional Circumstances PPAC Meeting January 19, 2022 - BCCGA key points and numbers.

In A-174, the upper guardrail will cost growers $38,754,535 \text{ kgs} \times \$0.1276 = \$4,945,079$

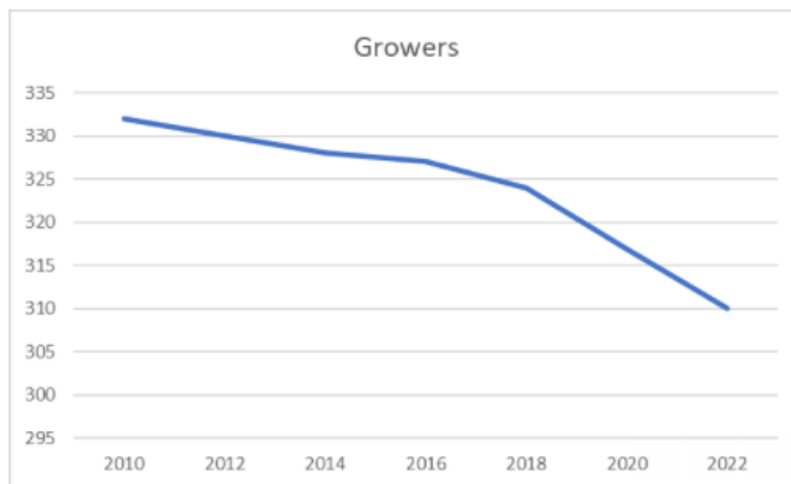
In A-173, the upper guardrail has cost growers $37,111,184 \text{ kgs} \times \$0.1028 = \$3,815,030$

*Domestic allocation + MD

In A-174, pricing below COP will cost growers $38,754,535 \text{ kgs} \times \$0.167 = \$6,472,007$

In A-173, pricing below COP has cost growers $37,111,184 \text{ kgs} \times \$0.156 = \$5,789,344$

These are monies that the growers will never get back, monies that they will never be able to reinvest into their businesses. *This takes a toll on the farming community and sooner than you think there will only be a couple dozen extremely large farms left with hundreds of old dilapidated barns sitting empty on old farms.*



2010 - 332 growers
2018 - 324 growers
2021 - 317 growers
2022 - 310 growers

The Harm to BC chicken growers is the loss of millions of dollars each cycle as shown above. The Harm that can not be gauged is how many growers are going to exit the industry in the next cycle, in the next year, in the next 5 years if things stay the same.

The prairie provinces' authoritative bodies understand the issues and the numbers and understand that the only choice is to raise the price or risk losing the farmers. Without the farmers there is no food! It is due time that the authoritative bodies in BC step up and protect their own farmers!

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