



BC Farm Industry Review Board

October 25, 2020

File: 44200-60\BHEC CMB

DELIVERED BY EMAIL

Harvey Sasaki
Chair
BC Chicken Marketing Board

Dear Mr. Sasaki:

BC CHICKEN MARKETING BOARD MINIMUM LIVE PRICE FORMULA FOR A-166

Thank you for your verbal notification on October 23, 2020 and follow-up letter on October 24, 2020.

The BC Chicken Marketing Board (Chicken Board) is asking the BC Farm Industry Review Board (BCFIRB) chicken sector pricing review panel whether a proposed change to its minimum live price requires prior approval under the panel's July 3, 2020 interim pricing Order (July Order). The Chicken Board is also asking the panel to make a determination on whether the October 21, 2020 decision made by the BC Broiler Hatching Egg Commission (Commission) to reduce breeder processing age from 56 to 55 weeks is consistent with the July Order.

BCFIRB Interim Pricing Order

In its July 3, 2020 Interim Pricing decision¹, the panel directed:

44. The Chicken Board and the Commission are directed not to change any aspect of the current pricing structures as defined in this decision, unless by the way of BCFIRB prior approval or until such time as BCFIRB determines otherwise.

"Current pricing structures" was defined as follows in the decision:

8. For the purposes of this decision, "pricing structures" include the mainstream chicken live price formula, the price linkage formula used to set saleable chick price ("price linkage formula") and the hatchery margin used to set the placeable chick price.

¹ 2020 July 3. BCFIRB. [In the Matter of the Natural Products Marketing \(BC\) Act and Interim Pricing in the BC Chicken Sector.](#)

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Ontario Chick Levy

It recently came to the attention of the Chicken Board that a new Ontario Broiler Hatching Egg and Chick Commission (OBHECC) chick levy was being included in the Chicken Farmers of Ontario minimum live price (\$0.00117 plus HST). The inclusion started in A-163. The levy is related to funding emergency depopulation in Ontario. The Chicken Board reports inclusion of this levy through the Chicken Board pricing formula results in a \$0.0006/kg increase to the BC minimum live price. Now that it is aware of the new OBHECC levy, the Chicken Board wants to exclude the OBHECC levy from its minimum live price calculations, and will start discussions with BC processors, hatcheries, chicken growers and the Commission to determine the impact of the OBHECC levy that was inadvertently factored into BC's live price for periods A-163, A-164 and A-165.

The Chicken Board mainstream live price formula for setting minimum price at the time of the July Order is as follows:

Chicken Farmers of Ontario (CFO) live price (2.45 – 2.65kg category), PLUS
Current BC catching cost of \$0.0365 per kilogram², PLUS
75% of the difference in the cost of feed and chicks (from Ontario) per kilogram.

The Chicken Board pricing orders prior to, and following, the July Order state that the CFO live price used in the BC pricing formula does not include the CFO per kg levy for modular loading cost recovery, nor the CFO per kg levy for Avian Influenza insurance cost recovery. The panel understands the Chicken Board standard practice is to deduct the Ontario-based levies that are not relevant to BC growers from the CFO live price as part of its pricing formula. In this instance, the OBHECC levy for funding depopulation is not relevant to BC chicken growers.

The Chicken Board's position is that removing the OBHECC levy is not a change to its "pricing structure". And as such the BCFIRB July Order does not apply and the panel's prior approval is not required.

The panel agrees with the Chicken Board that removing the OBHECC levy is not a change to the Chicken Board pricing structure for mainstream chicken. Rather, the Chicken Board is employing a long-established and communicated pricing practice of removing Ontario levies irrelevant to BC chicken growers from its minimum live price calculations.

² Deducted from grower net proceeds to reimburse processor catching costs.

Breeder Processing Age Change

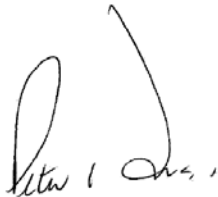
The panel is unclear as to why the Chicken Board urgently requires the panel's determination on the Commission's processing age decision prior to the Chicken Board's pricing meeting re-scheduled for 8:00am October 26. If this matter was critical to the Chicken Board's A-166 pricing decision the panel expects the Chicken Board would have raised the matter with the Commission and the panel prior to the Chicken Board's originally scheduled Friday, October 23, 2020 pricing meeting.

The panel prioritized the Chicken Board's pricing question given the sector depends on the Chicken Board making timely pricing decisions. Any impact of a processing age change on the chicken minimum live price would not be experienced until 21 days after A-166 is set.

As planned, the panel will be turning its mind to the Commission's decision and its compliance with BCFIRB's July Order early next week. Should the Chicken Board determine it needs to amend its mainstream minimum live price formula after the panel makes this determination next week, BCFIRB prior approval would be required under the July Order.

If you have any questions, please contact Kirsten Pedersen, Executive Director.

Regards,

A handwritten signature in black ink, appearing to read "Peter Donkers". The signature is stylized and cursive.

Peter Donkers,
Chair

cc:

Bill Vanderspek
Executive Director and Pricing Liaison
BC Chicken Marketing Board

Jim Collins
Chair
BC Broiler Hatching Egg Commission

Stephanie Nelson
Executive Director and Pricing Liaison
BC Broiler Hatching Egg Commission

Craig Evans
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Jennifer Curtis
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BCFIRB web site