



BC Farm Industry Review Board

January 27, 2022

File: 4200-60/BHEC CMB

DELIVERED BY EMAIL

Harvey Sasaki, Chair
BC Chicken Marketing Board

Dear Chair Sasaki:

Re: **Decision (Operative Part Only) on the Request for Prior Approval of the Proposed Amendment to the Chicken Pricing Formula**

The Request

On January 20, 2022, the BC Chicken Marketing Board (the Chicken Board) submitted a request for prior approval¹ to the BC Farm Industry Review Board's (BCFIRB) Chicken Sector Pricing Review Panel (the Panel) of its proposed amendment to the current interim chicken pricing formula. The proposed amendment would change the pricing formula for quota period A-174, which began on January 16, 2022, four days before the Chicken Board submitted its request, and ends on March 12, 2022.

The proposed amendment is as follows:

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).

¹ The Chicken Board and the BC Broiler Hatching Egg Commission must seek prior approval to any amendments to the current pricing formula from the Panel pursuant to BCFIRB's interim order of July 3, 2020 (the Interim Order). The Interim Order's purpose was to ensure industry stability and orderly marketing while the Chicken Board, the Commission and stakeholders developed a long-term chicken pricing strategy.

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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.

The Chicken Board's reason for its request for prior approval to amend the pricing formula is based primarily on the diverging feed costs between Ontario and BC. The Chicken Board submits that wheat, the main ingredient in BC feed rations, is in short supply and driving prices higher relative to corn, the main ingredient in Ontario feed rations. The Chicken Board's proposed amendment to the formula would result in a live price increase of approximately 7.2 cents/kilogram.

The Chicken Board requested a decision from the Panel by January 21, 2022, while providing BCFIRB with its request submission on January 20. The Panel advised, however, that given quota period A-174 had already started, and the potential financial ramifications of its decision, the Panel would decide by January 26, 2022, after it received brief "position statements" (1 to 3 pages) from the following parties on whether they supported the Chicken Board's proposed amendment:

- The BC Broiler Hatching Egg Commission (Commission)
- The BC Broiler Hatching Egg Producers' Association (BCHEPA)
- The BC Chicken Growers' Association (BCCGA)
- The BC Egg Hatchery Association (BCEHA)
- The Primary Poultry Processors Association of BC (PPPABC)

The Panel received submissions from the Commission, the BCCGA and the PPPABC only.

Panel Decision (Operative Part Only)

The Panel does not approve the Chicken Board's request to amend the current pricing formula for quota period A-174. The Panel will provide a reasoned decision shortly.

The Panel wishes to state that the Chicken Board is not precluded from submitting another request for prior approval to amend the pricing formula for quota period A-175, which starts on March 13, 2022.

Sincerely,



Peter Donkers
Chair, BC Farm Industry Review Board

cc:

Jennifer Curtis, Manager, BC Chicken Growers' Association

Craig Evans, Executive Director, Primary Poultry Processors' Association of BC

Angela Groothof, President, BC Broiler Hatching Egg Producers' Association

John Franck, President, BC Egg Hatchery Association

Stephanie Nelson, Executive Director, BC Broiler Hatching Egg Commission

Woody Siemens, Executive Director, BC Chicken Marketing Board

Wendy Holm, BCFIRB Pricing Liaison

BCFIRB website