



April 12, 2025 - A-195 Final Update to BC FIRB on BC Chicken COP phase-in

Pricing is a critical issue for all stakeholders. In an increasingly regional and national market, provincial-based pricing places pressures on processors who must be competitive with their national counterparts and on growers who must have sustainable farms. BC is a high-cost province compared to other jurisdictions, and the Chicken Board must also take into consideration regional, new entrant, and other policy requirements while balancing the overall best interests of the entire BC chicken industry. Given this context and the considerations that face the BC industry, the Chicken Board acknowledges the critical importance of industry efficiencies, and that all stakeholders will continue to face pricing pressures in the present environment. It is essential to recognize, however, that without supply management there would be no sustainable production base to support a BC chicken industry that provides economic and food security benefits to BC.

The COP

The Chicken Board's COP for chicken growers reflects the reality of growing chicken in BC. Its development came under heavy scrutiny and third-party review during the JWG process. The detailed Chicken Board final pricing report clearly demonstrated that the final COP represents a balancing of grower and processor (customer) interests. Incorporated efficiencies and methodologies are transparent and verified.

There has been an increasing scrutiny and implementation of updates of feed conversion rates and volume adjustments as requested by the processors. Methodologies to better identify certain grower costs have been deferred to future consultative review but are now in the initial stages. Likewise, increasing pressure on growers to address animal welfare, disease, food safety, and other factors must continue to be addressed in consultation with industry going forward.

The BC grower COP is transparent, verifiable, and defensible with efficiencies incorporated. Farm-gate pricing is a third pillar of supply management, and it is the expectation, if not right, that a COP in a supply-managed commodity be based, as the Chicken Board has done here, on a reasonable return to an efficient grower. The Board believes it to be sound marketing policy which preserves orderly marketing while maintaining the public interest. The BC COP is now fully implemented as of A-195.



BC Chicken Live Price Formula

On [October 30, 2023](#), the BC Chicken Board submitted a proposal for a new formula for determining the live price of chicken. This proposal was subsequently approved by the BC Farm Industry Review Board on [May 22, 2024](#). The newly adopted pricing formula is based on a cost of production (COP) model designed for the efficient grower. To ensure a smooth transition, the implementation of this new COP pricing model will be phased in over six production periods (48 weeks). This phased approach will gradually close the gap between the previous interim formula and the new COP model. The below information intends to show the components of the COP, the interim formula, and the 6-period transition until 100% of COP is reached in A-195.

Timeline

Period	Period Start Date	Phase in Status	Industry Communication
A-190	30-Jun-24	Phase in 1 at 16.67% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price June 27, 2024; Pricing order sent to PPAC & Industry June 28, 2024
A-191	25-Aug-24	Phase in 2 at 33.33% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price August 22, 2024; Pricing order sent to PPAC & Industry August 23, 2024
A-192	20-Oct-24	Phase in 3 at 50% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price October 17, 2024; Pricing order sent to PPAC & Industry October 18, 2024
A-193	15-Dec-24	Phase in 4 at 66.67% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price December 12, 2024; Pricing order sent to PPAC & Industry December 13, 2024
A-194	9-Feb-25	Phase in 5 at 83.33% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price February 6, 2025; Pricing order sent to PPAC & Industry February 7, 2025
A-195	6-Apr-25	Phase in 6 at 100% of New BC COP formula	Board reviews and sets price April 3; Pricing order sent to PPAC & Industry by April 4, 2025



1. The new Formula for the COP is as follows:

(a) Operating Costs + (b) Labour + (c) Capital Costs = COP

The COP below has been used to establish the minimum live price for period A-195, prior to the phase in process.

“NEW” BC COP Formula

BC Broiler COP - \$ per Kg	A189	A190	A191	A192	A193	A194	A195
A) Operating Costs							
Chicks	0.4709	0.4670	0.4696	0.4779	0.4922	0.4917	0.4829
Day-old Chick Cost	0.4545	0.4506	0.4532	0.4615	0.4759	0.4754	0.4665
Vaccine Cost	0.0163	0.0163	0.0163	0.0163	0.0163	0.0163	0.0163
Feed	1.1510	1.1105	1.1047	1.0941	1.0913	1.0393	1.0359
Utilities	0.0788	0.0835	0.0779	0.0769	0.0752	0.0751	0.0797
Vehicle & Equipment Operation (Fuel & Oil)	0.0092	0.0092	0.0093	0.0093	0.0093	0.0093	0.0094
Repairs & Maintenance	0.0476	0.0484	0.0489	0.0489	0.0489	0.0489	0.0492
Bedding	0.0225	0.0226	0.0229	0.0228	0.0228	0.0228	0.0230
Administrative & Office Costs	0.0127	0.0128	0.0129	0.0129	0.0129	0.0129	0.0130
Insurance	0.0179	0.0180	0.0182	0.0182	0.0182	0.0182	0.0184
Other Custom Costs	0.0061	0.0062	0.0062	0.0062	0.0062	0.0062	0.0063
Custom Catching	0.0485	0.0485	0.0485	0.0500	0.0500	0.0500	0.0500
Cleaning/Washing	0.0095	0.0096	0.0097	0.0097	0.0097	0.0097	0.0097
Board Levy	0.0206	0.0206	0.0206	0.0206	0.0206	0.0206	0.0206
MD Lease Costs	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016
Operating Costs (With Levies & With MD Lease Costs)	1.8969	1.8584	1.8510	1.8491	1.8590	1.8064	1.7998
B) Labour							
General Labour	0.0835	0.0839	0.0845	0.0856	0.0859	0.0806	0.0860
Management	0.0495	0.0498	0.0514	0.0521	0.0522	0.0450	0.0480
Labour Costs	0.1329	0.1337	0.1359	0.1377	0.1381	0.1256	0.1341
C) Capital Costs							
Depreciation & Amortization	0.1068	0.1084	0.1096	0.1096	0.1096	0.1096	0.1104
Depreciation - Barns & Associated Equipment	0.0823	0.0835	0.0844	0.0844	0.0844	0.0844	0.0850
Depreciation - Other	0.0245	0.0249	0.0252	0.0252	0.0252	0.0252	0.0254
Investment Cost	0.2035	0.2066	0.2113	0.2099	0.2098	0.1926	0.1938
Investment Cost - Land	0.0051	0.0051	0.0051	0.0050	0.0050	0.0046	0.0046
Investment Cost - Barns & Associated Equipment	0.1682	0.1707	0.1755	0.1747	0.1746	0.1603	0.1613
Investment Cost - Other	0.0302	0.0307	0.0307	0.0302	0.0302	0.0277	0.0279
Operating Interest	0.0265	0.0251	0.0241	0.0231	0.0215	0.0191	0.0173
Taxes	0.0061	0.0061	0.0062	0.0062	0.0062	0.0062	0.0062
Capital Costs	0.3429	0.3461	0.3512	0.3488	0.3470	0.3274	0.3277
Total Cost of Production	2.3727	2.3382	2.3380	2.3355	2.3441	2.2594	2.2615

Some important highlights of A-195 COP pricing changes:

- The annual Feed Conversion, Mortality, and Volume adjustment was implemented in A-194.
- Drop in Feed Cost represent a decrease in the COP of \$0.1151/kg since A-189, notably due to decreasing feed costs the past year & updating the Feed Conversion Rate (FCR) in A-194.
- Labour cost has decreased \$0.0012/kg since A-189, notably due to an annual volume adjustment in A-194.
- BC is now the only province in Canada to include catching in our Live Price.



2. The table below will illustrate the phased-in process identified in the May 22, 2024, BCFIRB decision.

Phase in Periods	Reference	1	2	3	4	5	6
Period	A-189	A-190	A-191	A-192	A-193	A-194	A-195
COP based live price formula - includes catching	\$2.3727	\$2.3382	\$2.3380	\$2.3355	\$2.3226	\$2.2594	\$2.2615
Previous Interim Formula - includes catching (par)	\$2.1704	\$2.1678	\$2.1805	\$2.1722	\$2.1636	\$2.1758	\$2.1871
Net Change to Formula Price	\$0.2023	\$0.1704	\$0.1575	\$0.1633	\$0.1590	\$0.0836	\$0.0744
Phase in % of difference	0.00%	16.67%	33.33%	50.00%	66.67%	83.33%	100.00%
\$/kg phased in	\$0.0000	\$0.0284	\$0.0525	\$0.0817	\$0.1060	\$0.0697	\$0.0744
Calculated Live Price						\$2.2455	
Correction						\$0.0143	
Final Posted Live Price (includes catching)	\$2.1704	\$2.1962	\$2.2330	\$2.2539	\$2.2696	\$2.2598	\$2.2615
CHANGE FROM PREVIOUS PERIOD	-\$0.0369	\$0.0258	\$0.0368	\$0.0208	\$0.0157	-\$0.0098	\$0.0018

Section 3 below is for comparison's sake only, as effective in A-195, 100% of the COP sets the Live price and the previous interim formula no longer has any impact.

3. Previous "Interim" Pricing formula:

Below is the "old" 75% formula (including all FIRB ordered amendments) which will be used for the BCFIRB ordered graduated implementation for periods A-190 to A-195 inclusive:

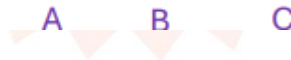
- The Ontario live price at their 2.15 – 2.45 kilogram weight category, **Plus**,
- The current BC catching cost of \$0.0500 per kilogram, **Plus**,
- 75% of the difference in the cost of feed and chicks per kilogram, **Plus**
- The addition of a trigger mechanism to determine when 50% of the current formula costs exceeding the upper guardrail is appropriate to include in the interim pricing formula to account for the wheat-corn gap. The trigger will be a cost gap of \$115.23 between Ontario and BC feed costs per tonne. If the trigger threshold is not met, no adjustment will be made to the live price. If the trigger threshold is met, provisions to cover 50% of the formula costs exceeding the upper guardrail will be made.
- If the above trigger mechanism is met, a provision to cover 50% of the current formula costs exceeding the upper guardrail after adjustment for the cumulative increase or decrease in Ontario grower margins arising from changes to the Ontario Cost of Production formula (COPF) starting in A-181. If the resulting number is negative, no adjustment will be made to the live weight price. (The upper guardrail is currently set at 13.84 cents/kg and the lower guardrail at 11.05 cents/kg due to the increase in the catching costs).



The numbers indicated by the formula to calculate the A-195 minimum live price using the previous interim pricing methodology:

Ontario price (2.15 - 2.45 category)	\$2.0380	
Minus CFO modular loading recovery	\$0.0000	
Minus CFO AI Insurance recovery	\$0.0015	
Minus OBHECC chick levy	\$0.0006	
Net Ontario Price (2.15 - 2.45 category)	\$2.0359	= A
Plus BC catching price	\$0.0500	
Plus 75% feed and chick differential	\$0.2238	
Total differential over Ontario	\$0.2738	
BCCMB Pricing Formula - Upper Guardrail value of	\$0.1384	
Total differential over Ontario	\$0.2738	
Total differential over Ontario GREATER THAN Upper Guardrail - use Upper Guardrail	\$0.1384	= B
Differential over upper guardrail = (Total differential over Ontario - Upper Guardrail)	\$0.1354	
A-195 Floating Guardrail Mechanism Triggered (Yes or No)	Yes	
Ontario Producer Margin Period A-180	\$0.6384	
Ontario Producer Margin Period A-195	\$0.7482	
Change to Ontario's Producer Margin (If Positive used in Formula)	\$0.1098	
BCFIRB December 13, 2022 Prior Approval A-180 Interim Pricing Formula: = (Differential over upper guardrail minus change in Ont producer Margin)	\$0.026	
Plus 50% of Differential over Upper Guardrail =	\$0.0128	= C

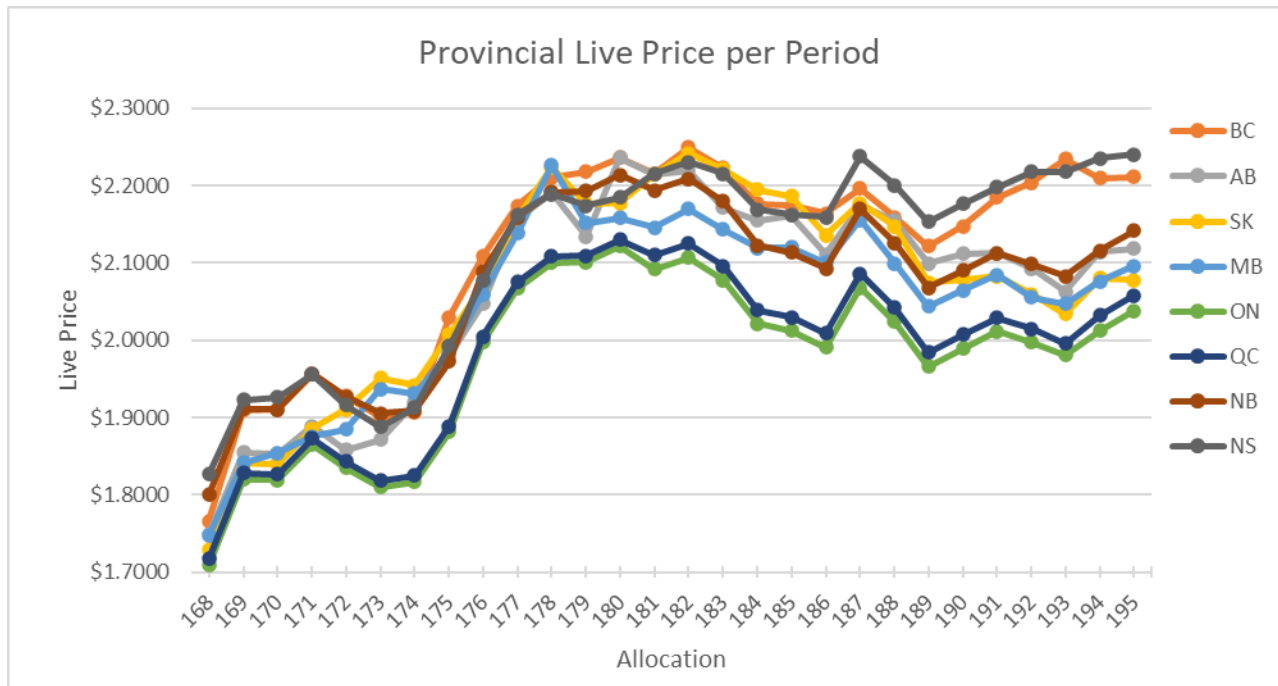
$$\text{A-195 BC Interim Price} = \$2.0359 + \$0.1384 + \$0.0128 = \$2.1871$$



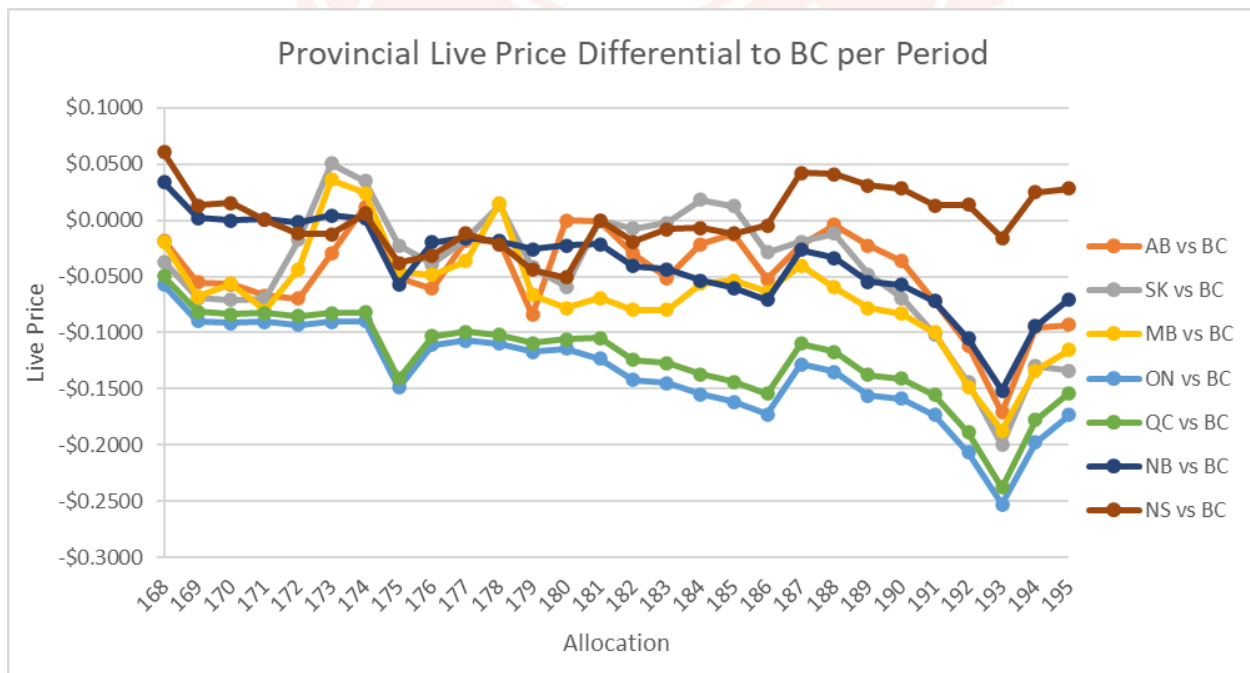


Provincial farmgate Chicken live price comparison across Canada

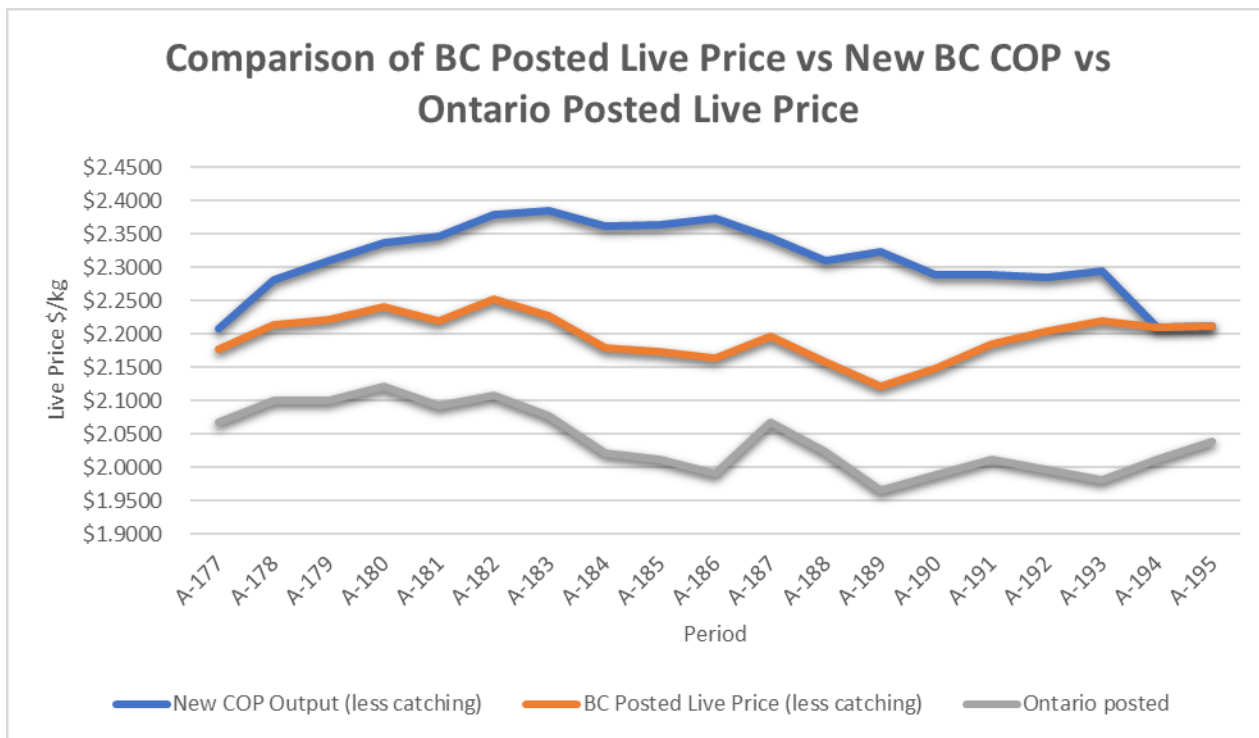
The below graphs will compare the posted live prices across Canada as they compare to BC. The graphs below reflect the posted pricing order.



The above graph shows the provincial live prices across Canada (less catching) from the last 26 periods (A-168 to A-195).

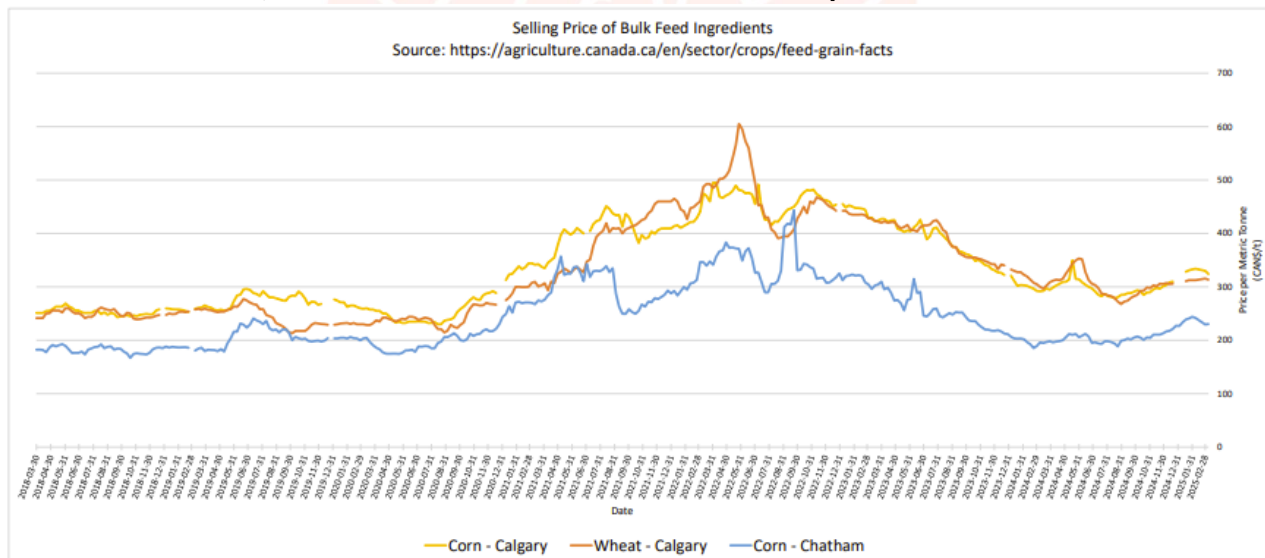


The above graph shows the differential in live price (less catching) with each province versus BC where \$0.00 would be an equal live price to BC.



The above graph shows the comparison between the new COP live price (effective A-195), the actual posted price in BC (COP phase begins in A-190), and the posted price in Ontario. As of A-195, the 'New COP Output' and the 'BC Posted Live Price' are now the same. Of note, in A-187 Chicken Farmers of Ontario updated their COP through a negotiated agreement and further updated their producer margin portion of their COP by \$0.0428 effective A-194. As seen above, the differential to Ontario was significantly shrunk in A-194.

Feed Corn & Wheat, Central Canada vs. Western Canada Comparison



The above graph shows the changes in feed corn and wheat, comparing Calgary, Alberta to Chatham, Ontario. While not a direct correlation to the landed feed cost on BC farms, it does help



us see the change in historical trends to a wider gap between the landed feed costs. Notably, as of late it shows a more historical 'normal' gap but increasing costs once again.

Other progress & Updates

Status of JWG & Ongoing Consultation

The Board emphasizes the importance of direct engagement with key stakeholders via the Joint Working Group (JWG) to address issues related to pricing and implementation. The JWG served as a platform for stakeholders to discuss the impact of COP on their businesses and provide data for recommendations to the Board. The Board is considering altering the JWG to become a standing committee of the Board with a new name, COP Working Group, to reflect the importance of review and continuous improvement of the BC COP. The Board has begun to seek feedback on this proposed change.

The Board is preparing to update the BC COP survey data in 2025 and has reached out to Serecon to secure their services. A draft Letter of Engagement has been developed but the Board is prepared to consult with the new standing committee mentioned above (formerly the JWG) prior to commitment. Tentatively, the Board plans to start surveying for the 2025 COP update in September 2025 upon receiving feedback through this updated COP Working Group. The Board is in the process of updating the Terms of Reference to reflect the approved decision by BC FIRB and the new expectations of the standing committee. The draft has been shared with the former JWG prior to finalisation. Additionally, former JWG members received a request for membership on the COP Working Group, which will meet this Spring prior to collection of survey data to discuss data collection as well as the Boards continuous improvement initiatives.

Allocation & Supply

As previously reported, the Board was informed on August 6, 2024, that the PPPABC would no longer participate in consultation for national allocations with the BC Board. Despite this, the Chicken Board has continued to reach out, offering opportunities for input on all allocation periods through virtual or in-person meetings, written communication, and data sharing. The PPPABC has had limited response and has not shared any further data. Processors are no longer engaging in allocation discussions with Alberta and Saskatchewan as well. The Board remains open to exchanging data to support informed decision-making and intend to continue to share our analysis and allocation submissions.

The Board fulsomely scrutinizes the allocation materials provided by CPEP Primary Processors, Further Processors, as well as Restaurants Canada for transparent and verifiable data to indicate trends in Canadian chicken demand. We reinforce that the setting of National allocation at the CFC table is not the appropriate forum for discussions and debates regarding the BC live price.



Live price differentials to Ontario

As reported in A-194, the Board implemented annual updates to FCR, mortality, and volume. At completion of the BC COP phase in process, the live price differential excluding catching is \$0.1735/kg.

Hatchery Margin and BCBHEC COP Updates

The Board is aware of the updates to the Hatchery margin as well as the hatching Egg COP survey update. Both updates will lead to an increase to the inputs of the BC Chicken COP and therefore pressure the BC Live price upwards starting in A-196. The Chicken Board met with the Commission on April 9th to further understand the impacts to the live price of chicken.

FINAL Update

The BCFIRB May 22, 204 decision requested progress reports from the BCCMB throughout the phase in of the BC COP, completing in A-195. The BC COP is now at 100% of the efficiency adjusted BC COP. It is important to note, as reported in the JWG section, that a full updated COP survey will be done in 2025. While this is the last of the required phase in reporting to BC FIRB, industry can be assured that it will be kept up to date as the Chicken Board progresses on the 2025 COP survey and continuous improvement initiatives, as well as the results of the Judicial Review. Lastly, it remains incumbent on the Chicken Board as first instance regulators to respond should any stakeholder provide verifiable evidence of pricing issues affecting their sustainability.

