



BRITISH COLUMBIA CHICKEN MARKETING BOARD UPDATE FOR December 2011

In this edition:

1. A-108 live price.
2. A-110 allocation.
3. Appeals update
4. Election Timeline
5. Current market conditions
6. Allocation setting dates
7. Animal Care Program update
8. Hatchery margin adjustment.
9. BCCMB Holiday office hours.

1. A-108 live prices.

Mainstream:

The live price for period A-108 (marketing's from December 4, 2011 to January 28, 2012 inclusive) has been set by the Board at **\$1.6909**. This represents a **decrease** of **\$0.0541** from the previous period.

Linkage:

The price linkage calculations done by Serecon for period **A-108** reflect the live chicken price of **\$1.6909** per kilogram live weight. The calculations indicate that cost recovery parity of **103.47%** and a return on assets (minus quota) of **12.27%** will be achieved at the following prices:

| | |
|--|----------------------------|
| Live Chicken @ \$1.6909 per kilogram | down \$0.0541 per kilogram |
| *Hatching Eggs @ \$5.3816 per dozen | down \$0.2110 per dozen |
| *Day-Old Broiler Chicks @ \$0.7299 per chick | down \$0.012 per chick. |

* These prices are inclusive of adjustments that will be made to the day old chick price beginning in period A-108. Please see item #8 in this update for further information.



BRITISH COLUMBIA CHICKEN MARKETING BOARD

Specialty Chicken:

Taiwanese:

The following prices have been set by the Board for Taiwanese chicken for quota period A-108. The SMAC reviewed an update of chick and feed costs that was provided by Serecon and recommended to the Board that the prices for TC's be adjusted accordingly. These prices will be in effect for periods A-107 and A-108.

- TC's up to **82** days of age: **\$2.7100** per kg: an increase of \$0.073 per kg.
- TC's **83 to 110** days of age: **\$2.9222** per kg: an increase of \$0.076 per kg.
- TC's **over 110** days of age: **\$3.1052** per kg: an increase of \$0.086 per kg.

Organic:

- Certified Organic Chicken: **\$3.430** per kilogram: no change from A-107.

2. A-110 Allocation

The total national allocation (including MD) for period **A-110** (March 25 to May 19, 2012) was set by the CFC Board of Directors on December 14, 2011 at **219,422,708** kilograms live weight. This represents **2.0% above** the adjusted base (2.5% for Alberta) for the period. Market Development at **9,814,433** kilograms live weight represents **4.68%** of the national domestic allocation.

BC's share of the allocation is:

| | |
|--------------------|--|
| Domestic | 30,400,109 kilograms live weight. |
| Market Development | 1,860,000 kilograms live weight. |
| Total | 32,260,109 kilograms live weight. |

MD represents **6.11%** of BC's domestic allocation for the period. Allotments to BC growers for period A-110 will be **97.96%** domestic pro-rata.

Assurance of supply leases to growers to fulfill the requirements of regional processors for period A-110 are **300,000** kilograms live weight, or **.98%** of the domestic allocation.

3. Appeals update.

Mr. Paul Kuszyk has appealed a decision of the Board denying his request for a production allotment for quota period A-109. A pre-hearing conference call is scheduled for December 9, 2011.

Mr. Ben VanEck has appealed the decision of the Board to refuse to issue him a 2,000 birds/annum permit under Part 51 Permits of the January 23, 2006 General Orders.

The hearing was heard on October 7, 2011 at the Super 8 Hotel in Abbotsford, BC. A written decision was expected by the middle of December.

Recent appeal decisions can be accessed on our website at www.bcchicken.ca

4. BCCMB Election Timeline.

The term of Board Member Mr. Dave Janzen expires March 31, 2012. There will be an election for one of the two grower member positions on the BC Chicken Marketing for a 3 year term commencing March 2012. Mr. Jack Wessel of the Council of Marketing Boards (COMB) will be conducting the election as the BCCMB Election Officer.

Instructions will be forthcoming in the mail early in the New Year. The election timeline is as follows:

| | |
|-------------------------|---|
| January 3, 2012 | Mail out Notice of Election and Election Timeline; Commencement of Nominations |
| January 13, 2012 | Close of Nominations |
| January 16, 2012 | Mail out Notice of Candidates |
| | |
| January 17, 2012 | Candidate Speeches -- Interior |
| January 25, 2012 | Candidate Speeches – Vancouver Island |
| January 18, 2012 | Candidate Speeches – Lower Mainland |
| | |
| January 30, 2012 | Deadline to be added to Voting Grower List |
| | |
| February 2, 2012 | Advance Poll – Interior |
| February 10, 2012 | Advance Poll – Vancouver Island |
| February 16, 2012 | Advance Poll – Lower Mainland |
| | |
| February 21, 2012 | Final Vote – Interior |
| February 22, 2012 | Final Vote – Vancouver Island |
| March 9, 2012 | Final Vote – Lower Mainland |
| | |
| March 9, 2012 | Election Date – counting of ballots and outcome announced. |

5. Current market conditions. (With thanks to CFC Chicken Fax)

- As of October 31, 2011, **1002.3 Mkg** of fresh chicken was available for the Canadian market, **1.4% more** than in 2010.
- Year to date production to October 31, 2011 was **861.9 Mkg 0.6% or 4.9 Mkg more** than the same period in 2010.

- Year to date imports for 2011 have reached **140.4 Mkg, 6.7% or 8.9 Mkg higher** than during the same period last year.
- Fresh supplies consist of total imports added to domestic production. Fresh supplies in September and October were **3.7% and 4.5% lower**, respectively, than in the corresponding months of 2010.
- Frozen chicken inventories on November 1, 2011 were **32.5 Mkg, 3.0 Mkg lower** than the previous month and **2.3 Mkg lower** than on November 1, 2010.
- Production in September and October was **1.6 Mkg lower and 2.0 Mkg lower**, respectively, compared to the same months in the previous year.
- Imports (as reported by AAFC) were **15.4 Mkg** in September and **11.8 Mkg** in October, **2.1 Mkg and 2.6 Mkg lower** respectively, to the same months of the previous year.
- Producer prices in period **A-108 are 5.4 cents lower** than those of period A-107 in most provinces. On average, the Canadian live price in **A-108 is 20.0 cents higher** than in the corresponding weeks of the previous year. The Ontario live price for A-108 is \$1.635/kg.
- **Canadian Wholesale Chicken Prices. (cents/kg)**

| Product | Nov. 11 | Nov. 10 | Change | Oct 11 | Oct 10 | Change |
|--------------------|----------------|----------------|---------------|---------------|---------------|---------------|
| Market composite | 342.6 | 333.1 | 2.9% | 347.5 | 329.6 | 5.4% |
| Whole bird complex | 341.8 | 325.3 | 5.1% | 344.2 | 320.6 | 7.4% |
| Breast complex | 503.1 | 500.0 | 0.6% | 518.1 | 496.3 | 4.4% |
| Wing complex | 492.6 | 487.6 | 1.0% | 489.0 | 475.0 | 2.9% |
| Leg complex | 285.5 | 276.3 | 3.3% | 291.3 | 276.9 | 5.2% |

6. Allocation Setting Dates:

Future allocation dates will be published in monthly Board updates so that growers can be aware when the next unallocated period is being set.

The dates will assist growers in determining when to give notice to change processors, or to have discussions with processors prior to allocation setting with respect to Market Development allotments.

The last available day to give notice of changing processor and to return the completed BC A-99 form to the BCCMB offices is the day **BEFORE** the CFC sets the allocation.

Example: If you wished to change processors for period A-109, the last day that you could provide notice is November 8, 2011.

| <u>Period</u> | <u>CFC Sets Allocation</u> |
|---|----------------------------|
| A-111 (May 20 -- July 14, 2012) | February 1, 2012 |
| A-112 (July 15 – September 8, 2012) | March 21, 2012 |
| A-113 (September 9 – November 3, 2012) | May 30, 2012 |
| A-114 (November 4 – December 29, 2012) | July 24, 2012 |
| A-115 (December 30, 2012 – February 23, 2013) | September 25, 2012 |
| A-116 (February 24 – April 20, 2013) | November 21, 2012 |

7. Animal Care Program update.

As of December 15, 2011 we have **326** of **354** or **92%** of BC chicken farms fully certified under the CFC Animal Care Program.

Regional breakdown:

Interior – 37 certified of 43 – 86%
 Lower Mainland – 272 certified of 293 – 93%
 Vancouver Island – 17 certified of 18 – 94%



The BCCMB has purchased and received Animal Care Program certification signs that will be distributed in the near future to all farms that have achieved certification in the program. Any grower certified under the program that has not yet received their ACP sign may pick up at the board office at their convenience.

8. BC broiler hatchery margin adjustment.

After several stages of negotiations and consideration of advice from the respective Pricing and Production Committees of the British Columbia Broiler Hatching Egg Commission and the British Columbia Chicken Marketing Board have agreed as follows:

- An increase of one cent:
 - Will be provided to the hatcheries in quota period A-108, which begins December 4, 2011.
 - Is not factored directly into the linkage calculations.
 - Will be divided 50/50 between the hatching egg producers and the chicken growers by:
 - increasing the day old broiler chick price by ½ cent
 - decreasing the saleable price by ½ cent

- A second cent increase:
 - Will be provided to the hatcheries for a total of a 2 cent increase, in quota period A-110 which begins March 25, 2012.
 - The total 2 cents will be divided 65%/35% (chicken/hatching egg) or 1.3 cent increase in the day old broiler chick price and 0.7 cent reduction in the saleable chick price.

- The 2 cent margin increase will not be directly included in the linkage calculations without further discussion between the BCBHEC and BCCMB or until the linkage is fully updated. The next update is scheduled for the first quarter of 2014.

A bulletin was sent to all growers by separate cover on December 12, 2011 fully explaining the rationale for the increase to the hatchery margin. Should you require a copy of previous correspondence related to this issue, please contact the BCCMB office.

9. BCCMB Holiday Season office hours:

The BCCMB staff members wish all of you a very merry Christmas and a Happy New Year! We appreciate your assistance and cooperation during 2011, and look forward to working with all of you in the day to day business of our great industry in the coming year.

Our office hours during the holiday period:

| | |
|--------------------|--------------------------------------|
| December 23 | open from 8:00 until noon. |
| December 26 and 27 | closed for Christmas and Boxing Day. |
| December 28 and 29 | regular hours: 8:00 AM to 4:00 PM. |
| December 30 | open from 8:00 until noon. |
| January 2 | closed for New Years Day. |

The British Columbia Chicken Marketing Board monthly update is published by BCCMB staff and forwarded by e-mail and fax to all growers and a number of industry stakeholders on our contact list. Should you have any questions or suggestions regarding the content of any monthly update, please contact me directly at:

Phone 604-859-2868 or E-mail to billvanderspek@bcchicken.ca

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