



BC CHICKEN MARKETING BOARD UPDATE for August 2015

In this edition:

1. A-132 Pricing
2. A-134 Allocation
3. Appeal Update
4. Allocation Dates
5. A-131 Period Summary
6. Consumer Engagement

1. Period A-132 Pricing.

Mainstream:

The live price in BC for period A-132 (marketing's from August 9 to October 3, 2015 inclusive) has been set by the Board at **\$1.5950** per kilogram live weight. This represents a decrease of **\$0.0209** from the previous period.

The Board notes that this is the last period of the mediated agreement of the PPAC (March 2013), whereby the differential to the weighted average live price base for quota periods A-120 through A-132 inclusive was set at 4.85 cents/kg live weight. In period A-133 and onwards the differential reverts to the amount specified in the BCCMB August 26, 2011 General Orders as Schedule 19 Pricing Model at 4.35 cents/kg live weight unless negotiations at the PPAC result in agreement for a different differential going forward.

Linkage:

The price linkage calculations done by Serecon for period **A-132** reflect the live chicken price of **\$1.5950** per kilogram live weight. The calculations indicate that cost recovery parity of **95.16%** and a return on assets (minus quota) of **3.49%** will be achieved at the following prices:



Live Chicken @ \$1.5950 per kilogram	down \$0.0209 per kilogram
Hatching Eggs @ \$5.0399 per dozen	down \$0.08400 per dozen
Day-Old Broiler Chicks @ \$0.7142 per chick	down \$0.0090 per chick

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Organic:

The PPAC met on August 6, 2015 to discuss the updated COP information as provided by Serecon. The processor and grower members of the PPAC were unable to reach consensus on a recommendation to the Board for the pricing of certified organic chicken for the period. The growers put forward a position of 100% of the COP and the processors countered with 95% of the COP. The PPAC Chair provided to the Board a recap of the discussion.

The Board met by conference call on August 7, 2015 and voted to set the certified organic price for period A-132 at **\$4.09 per kilogram live weight** which represents 100% of the cost of production for the period. It is an increase over the previous period of 5 cents/kg live weight.

After reviewing the PPAC minutes of August 6, 2015, the Board on August 14, 2015 determined that having the PPAC continue to deal with the organic pricing as has been done of the past number of periods is problematic. Therefore effective with quota period A-133, the Board will set the live price each period for certified organic chicken at 100% of the Serecon cost of production formula. This will be the case in subsequent periods unless varied by an exceptional circumstance request as per Schedule 2 Section 7 Variation for Exceptional Circumstances of the August 26, 2011 BCCMB General Orders. The Board may consider an alternate pricing arrangement for certified organic chicken going forward pending a recommendation from the PPAC who have been tasked to discuss this issue at the committee level.

Specialty Chicken:

At its meeting on June 11, 2015 the SMAC reviewed the Serecon updated information received on June 5, 2015 respecting specialty pricing for quota periods A-131 and A-132. As this is the second of the two periods, the prices remain unchanged.

Taiwanese:

The following prices have been set by the Board for Taiwanese chicken for quota period A-132 at:

- TC's up to **82** days of age: **\$2.7665** per kg (no change from the previous period).
- TC's **83 to 110** days of age: **\$2.9822** per kg (no change from the previous period).
- TC's **over 110** days of age: **\$3.1806** per kg. (no change from the previous period).

Silkie:

The following prices have been set by the Board for Silkie chicken for quota period A-132 in consultation with the SMAC which is the same price as the previous period.

- Silkie Chicken: **\$4.08** per kilogram.

2. A-134 Allocation

The total national allocation (including MD and specialty) for period A-134 (November 29, 2015 to January 23, 2016) was set by the CFC Board of Directors on September 2, 2015 at 229,057,298 kilograms live weight. This represents 5.0% above the adjusted base for the period.

5.0% over base is very close to 5% more than actual production during the same time frame during 2014 nationally. Market Development at 8,844,820 kilograms live weight represents 4.05% of the national domestic allocation. Specialty allocation was requested by three provinces (BC, AB and ON) for a total of 1,802,804 kilograms live weight.

BC's share of the A-134 allocation is:

Domestic	31,306,070 kilograms live weight.
Market Development	1,832,533 kilograms live weight.
Specialty	861,804 kilograms live weight.
Total	34,000,407 kilograms live weight.

- MD represents 5.85% compared to BC's domestic allocation for the period.
- Specialty represents 2.75% compared to BC's domestic allocation for the period.
- Domestic allotments to BC growers will be 101.54% pro rata.
- Assurance of supply leases for the period total 0 (zero) kilograms.
- 5.0% over base yields 3.9% to BC under the current allocation agreement.

3. Appeals Update

Oranya II Holdings Inc. & Thomas Reid Farms have appealed the changes to specialty quota and organic production contained in the April 8, 2014 Notice to Industry Stakeholders. Thomas Reid Farms has since withdrawn from the appeal. The appeal was dismissed by BCFIRB on September 10, 2015. The issues will instead go to mediation. If mediation is unsuccessful the appeal may be revived, with new hearing dates being scheduled at a later date in the year or early in 2016.

The Primary Processors Association of BC (Hallmark, Sunrise, Sofina (Lilydale) and Farm Fed) is appealing the decision of the Board to sign the MOU at Chicken Farmers of Canada respecting the Long Term Allocation Agreement. Processors in Manitoba and Saskatchewan had also filed appeals in their respective provinces which have since been withdrawn in both provinces. No hearing date has yet been scheduled.

4. 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 BC99 form to the BCCMB offices is the day **BEFORE the BCCMB sets the allocation.**

<u>Period</u>	<u>BCCMB sets Allocation</u>
A-133 (October 4 – November 28, 2015)	July 7, 2015
A-134 (November 29, 2015 – January 23, 2016)	September 2, 2015
A-135 (January 24 -- March 19, 2016)	October 14, 2015
A-136 (March 20 -- May 14, 2016)	December 2, 2015
A-137 (May 15 – July 9, 2016)	February 2, 2016
A-138 (July 10 – September 3, 2016)	Mar 23, 2016
A-139 (September 4 – October 29, 2016)	June 1, 2016
A-140 (October 30 – December 24, 2016)	July 20, 2016
A-141 (December 25, 2016 – February 18, 2017)	September 27, 2016
A-142 (February 19 – April 15, 2017)	November 16, 2016

5. A-131 Period Summary

Mainstream Grower's Only	A-131			
	# Growers	% of Total Growers	Kgs Over/(Under)	% Of Allocation
Mainstream Growers Receiving Allotment	262			
Growers over 110% of allotment	2	0.76%	31,006	0.83%
Growers over 106% of allotment	13	4.96%	82,353	2.96%
Growers between 100% and 105.9% of allotment	84	32.06%	220,752	28.56%
Growers between 94% and 99.9% of allotment	99	37.79%	(373,612)	39.20%
Growers between 90% and 93.9% of allotment	45	17.18%	(484,344)	19.77%
Growers below 90% of allotment	21	8.02%	(404,333)	9.27%
Growers below 94% of allotment	64	24.43%	(854,249)	27.25%
Column Totals	262	100%	(959,184)	100%
BC Utilization	96.52%			

Growers Cycle Length	A-131			
	# Growers	% of Total Growers	Kgs Live Wt	% Of Allocation
Mainstream Growers Receiving Allotment				
8 Week Cycle	234	86.35%	29,252,944	91.53%
9 Week Cycle	14	5.17%	1,349,279	4.22%
10 Week Cycle	9	3.32%	607,222	1.90%
11 Week Cycle	2	0.74%	249,906	0.78%
12 Week Cycle	6	2.21%	416,972	1.30%
16 Week Cycle	6	2.21%	82,189	0.26%
Column Totals	271	100%	31,958,513	100%

Average Live Weight	A-131			
	# Growers	% of Total Growers	# Kgs Produced	% Of Production
Mainstream Growers Rec'd Allotment	262			
1.600 kg and below	2	0.76%	242,724	0.78%
1.601 – 1.700 kg	9	3.44%	737,138	2.38%
1.701 – 1.780 kg	9	3.44%	946,520	3.05%
1.781 – 1.850 kg	6	2.29%	448,163	1.45%
1.851 – 1.950 kg	23	8.78%	2,625,182	8.47%
1.951 – 2.020 kg	15	5.73%	2,496,506	8.05%
2.021 – 2.100 kg	32	12.21%	3,788,035	12.22%
2.101 – 2.170 kg	23	8.78%	3,707,812	11.96%
2.171 – 2.250 kg	45	17.18%	6,101,982	19.69%
2.251 – 2.500 kg	77	29.39%	8,471,427	27.33%
2.501 – 2.730 kg	18	6.87%	1,293,038	4.17%
2.731 – 3.180 kg	3	1.15%	134,787	0.43%
3.181 kg and above	0	0.00%	-	0.00%
Column Totals	262	100.00%	30,993,314	100.00%

6 Consumer Engagement



PNE

Once again BCCMB staff members assisted with the Poultry in Motion™ at the PNE. This continues to be a very important venue for us to listen to consumers and answer their questions about the BC chicken industry from the hatchery through to the dinner plate. As usual we had many visitors, many interesting questions and were able to engage in some “myth busting” with consumers and city dwellers.

Buy Local Campaign

The BC Chicken Marketing Board and the BC Chicken Growers Association completed the 2015 BC Chicken Retail and Consumer Engagement Campaign. In total we had events at 12 stores across BC. Our marketing agency, CREW Marketing Partners is doing a survey of BC consumers to determine the impact of this program, which we will provide in the next board report.



In the meantime, we send a huge THANK YOU to the following growers who kindly volunteered their time to answer questions, dispel myths and tell their chicken farming stories:

Daryl Arnold, Mark Bartel, Ravi Bathe, Allan Boudreau, Raymond Bredenhof, Bik Chahal, Paul Dick, Gord & Wendy Esau, Bev Whitta,

Jordan Spitters, Chris Kloot, Amanda Martin, David Reid and Bev Whitta.

We could not have done it without you!

This campaign had funding support provided, in part, by the BC Government’s Buy Local Program; delivered by the Investment Agriculture Foundation of BC with funding from the BC Ministry of Agriculture.

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

Bill Vanderspek

Executive Director

British Columbia Chicken Marketing Board

B:\Administration\Correspondence\Board reports to growers\2015\BCCMB UPDATE 2015 08.docx