



## BC CHICKEN MARKETING BOARD UPDATE for May 2016

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### 1. Live Pricing for Quota Period A-137 (May 15 to July 9, 2016)

#### **Mainstream:**

The live price in BC for period A-137 (marketing's from May 15<sup>th</sup> to July 9, 2016 inclusive) has been set by the Board at **\$1.5912** per kilogram live weight. This represents a decrease of **\$0.0216** from the previous period.

#### **Organic:**

The live price for certified organic price for period A-137 has been set by the Board at **\$3.95 per kilogram live weight** which represents 100% of the cost of production for the period and a decrease from the previous period of 11 cents/kg live weight (which was set at \$4.06). The decrease is attributed to lower feed costs

#### **Specialty Chicken:**

##### **Taiwanese:**

The SMAC agreed the 8 cent reduction in every category remain in place until such time as the full update on the TC COP is completed. This full update was budgeted and

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scheduled for completion in the first quarter of 2016 and it was hoped to be implemented for A-137; however, Serecon has been unable to complete the data collection due to growers rescheduling their meetings with Bob Burden.

The SMAC met on May 10<sup>th</sup>. The prices recommended by the SMAC continue to use the current (old) COP for A-137/A-138 until such time as Serecon has completed on farm surveys, completed the full update and has met with the SMAC to review the results. The Board accepted the recommendation of the SMAC.

The following prices have been set by the Board for Taiwanese chicken for quota period A-137 at:

- TC's up to **82** days of age: **\$2.5839** per kg (a decrease of 4.72 cents from the previous period).
- TC's **83 to 110** days of age: **\$2.7976** per kg. (a decrease of 4.89 cents from the previous period).
- TC's **over 110** days of age: **\$2.9881** per kg. (a decrease of 5.56 cents from the previous period).

#### **Silkie:**

The following prices have been set by the Board for Silkie chicken for quota period A-137 consultation with the SMAC which represents a decrease of 5 cents from the previous period.

- Silkie Chicken: **\$3.98** per kilogram.

#### **Linkage:**

**The information used to calculate the relative recovery of costs for each commodity as it relates to the live price of chicken will be updated on a three year basis going forward. The BCCMB and BCBHEC had signed an MOU to that effect. The most recent update (for use in quota period A-136) resulted in a 1.51 cent increase in the cost of day old broiler chicks.**

The price linkage calculations done by Serecon for period **A-137** reflect the live chicken price of **\$1.5912** per kilogram live weight. The calculations indicate that cost recovery parity of **94.78%** and a return on assets (minus quota) of **0.89%** will be achieved at the following prices:

Live Chicken @ \$1.5912 per kilogram	down \$0.0216 per kg
Hatching Eggs @ \$5.2230 per dozen	down \$0.0869 per dozen
Day-Old Broiler Chicks @ \$0.7333 per chick	down \$0.0090 per chick

## **2. 6 period trial - Change of tolerance sleeves for certified organic chicken**

At its April 14, 2016 meeting the Board passed a motion to amend the tolerance sleeves for certified organic chicken for a trial period of 6 periods commencing in A-136 (shipments starting March 20, 2016) and ending at the end of shipments for quota period A-141. The tolerance sleeves for both under and over production will be expanded from 6% to 10% for the trial period. Only those persons growing certified organic chicken will be eligible.

The Board's rationale for this trial period is that upon receipt of the request, the Board sought the advice of the PPAC and the BCCGA on the possibility of temporarily extending the sleeves to provide relief to growers impacted by the situation. The amendment to the tolerances for certified organic chicken is viewed by the Board as a temporary measure designed to meet the immediate need of the growers producing in this category and of the market that is demanding it. Organic growers state that organic chicken production has the same limitations and challenges that are associated with the production of RWA chicken.

Scheduled PPAC meetings in March and April were cancelled due to scheduling conflicts some of the members and therefore no input with respect to this matter has been received from the PPAC. The BCCGA has provided a letter of support for this initiative on behalf of certified organic growers. The production tolerances for certified organic chicken will be reevaluated following the completion of the six cycle trial period (A-136 to A-141 inclusive).

## **3. Changes to General Orders:**

The following changes were made by Board motion on April 29, 2016 and have been mailed to all growers for inclusion in their book of General Orders. A revised copy of the General Orders can be found on the board website at [www.bcchicken.ca](http://www.bcchicken.ca)

**Part 33 - Barn Space** → This part has been amended to reflect an increase to the maximum stocking density as unanimously recommended by the PPAC and endorsed by the Board by way of motion on April 29, 2016. The Board has increased the maximum allowable density from 32.5 kg per square meter to **35.5 kg per square meter**. The change is effective for quota period A-139 shipments (September 4, 2016).

Any grower wishing to become qualified must complete the extra steps under the ACP program to move to a density greater than 31 kg square meter to a maximum of 35.5. kg per square meter. **The deadline to be approved for high density for quota period A-139 is May 20, 2016. After May 20<sup>th</sup>**, any grower achieving certification will be eligible to receive the increased density for the **next unallocated period**.

All growers who are currently approved for the high density at the 32.5 kg per square meter requirement **must reapply** for certification by the **deadline of May 20, 2016** to

increase density beyond 32.5 kg per square meter to be eligible in A-139. **After May 20<sup>th</sup>**, any grower achieving certification will be eligible to receive the increased density for the **next unallocated period**.

Please contact Inspection staff at 604-859-2868 for an appointment.

**Schedule 5 – Cycle Lengths and Quota Units by Cycle Calculation** → This schedule has been amended to reflect the change made to Part 33 respecting stocking density of mainstream quota.

Further, this schedule has been updated to reflect the current CFIA standard density requirements for certified organic chicken as unanimously recommended by the PPAC and endorsed the Board by way of motion April 29, 2016.

#### **4. Appeals Update**

**The Primary Processors Association of BC** (Hallmark Poultry, Sunrise Farms, Sofina Foods, 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. BCFIRB has published a timetable for the Supervisory Review process which they expect to complete in time for a final decision on the matter to be rendered in June. Submissions from the BCCMB, the BC Primary Processors Association, the BCCGA, Alberta Chicken Producers, Chicken Farmers of Saskatchewan and Chicken Farmers of Canada can be viewed on the BCFIRB website at:

<http://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/boards-commissions-tribunals/bc-farm-industry-review-board/regulated-marketing/supervisory-reviews/2016-amendments-to-schedule-b-operating-agreement-for-chicken>

FIRB on April 12, 2016 announced there will be NO oral hearing on this matter. Due to legal counsel availability issues, FIRB granted an extension for final written submissions to May 11, 2016. The FIRB panel reserved the right to raise follow up questions subsequent to receipt of all submissions received and or determine if further process is required.

#### **5. 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-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
A-143 (April 16, 2017 – June 10, 2017)	January 17, 2017

The CFC directors approved extending the trial period of setting two allocations at time for another year to A-144.

## **6. Mandatory Insurance Review Committee:**

To date, direct involvement of the Poultry Boards has been somewhat limited; much of the planning and discussion related to AI insurance has been conducted by the BCCGA and BCPA. FIRB has indicated that it expects Boards to become involved and play a pivotal role in the future direction of the AI insurance project. FIRB has been very clear indicating that the responsibility for the final decision on whether or not to proceed, whether the Captive is the correct option, and to ensure concept of principle based regulation (PBR) and outcome based decision making through SAFETI (Strategic, Accountable, Fair, Effective, Transparent, Inclusive) initiatives are being exercised and rests with the Poultry Boards as first instance regulators.

The *Natural Products Marketing (BC) Act* (NPMA) has been amended to provide the legislative authority for commodity Boards to require mandatory insurance, and the implementation comes under the direction of Marketing Boards.

To this end, a committee has been struck involving Board members and staff members from the four feather boards. The first meeting of Mandatory Insurance Review Committee (MIRC) was held November 12, 2015. Arising from that meeting, the BC Poultry Association (BCPA) was invited to participate on the committee. Further meetings have been held in 2016, in January and in April. All feather boards have approved a work plan and posted on their websites for grower input/comment/feedback in February of 2016. To date only 1 response was received. The committee expects additional input from industry as it goes through the steps in the process.

By way of letter dated March 15, 2016 FIRB has emphasized the need for a timely process in light of reaching a solution prior to the fall of 2016 when the risk of avian influenza once again increases. The committee responded by way of letter on April 26, 2016 to FIRB and promised “best efforts” to shorten the timeframe for the work plan,

but cautioned that with such an ambitious work plan and allowing sufficient time for consultation, review and comment may restrict advancing the timelines.

Updates and reports will be found on the feather board's websites. For the BCCMB, go to [www.bcchicken.ca](http://www.bcchicken.ca) and look under "Industry News" – also reminders will appear in the monthly board reports as required reminding grower to check for additional updates. At the end of the process, the Board decision will be posted for a minimum of 30 days, after which time the committee will compile any input, address any issues or concerns raised prior to finalizing the joint submission to FIRB.

## **7. BCCMB Strategic Planning:**

The Board and senior staff met with a facilitator for two days during the last week in April to begin work on a new three year strategic plan. Another meeting is scheduled in June to review the work to date.

## **8. PPAC Update:**

The committee met on April 25 with a full agenda. Two unanimous recommendations were made to the Board.

- The committee recommended increasing the maximum density under the high density provisions under the BCCMB General Orders from 32.5 to 35.5 kilograms/meter squared effective with placements for period A-139. Following a 6 period review, the committee may recommend a further adjustment to the maximum of 38 kilograms meter/squared permitted under the CFC Animal Care Program.
- The committee recommended amending the inside and outside densities for certified organic production to be consistent with those contained in the CFIA national organic standard.

Both of these recommendations were accepted and passed by motion of the Board. The General Orders will be amended to reflect these changes.

Other topics of discussion by the PPAC included:

- SE reduction strategy
- AMU reduction strategy
- Options for dealing with continued allocations beyond 100% pro rata
- New Entrant Program for Growers. Input requested from the group on possible changes or upgrades to the program.

## 9. SMAC Update:

A number of current projects including:

- A full update to the TC cost of production formula is underway and was expected to complete in time for A-137 pricing. This has been delayed until period A-138.
- With the help of the SMAC the BCCMB is embarking on a campaign to promote TC and Silkie chicken in the Asian community in an effort to increase awareness and consumption of these products.

## 10. BC Poultry Industry Emergency Response:

The organizational chart for the ERT has been refreshed to ensure that the right people are in place should another incident occur. The week of May 16, the ERT will be conducting an outbreak and depopulation exercise in conjunction with the CFIA and BC Ministry of Agriculture which will include full PPE (personal protection equipment) for all personnel. Flock destruction gear including a Praxair CO2 trailer and all other necessary equipment will also be on site.

## 11. Administrative Penalties Framework for NPMA:

In March 2015 the NPMA was changed by government to provide all regulated Marketing Boards with enhanced authority to make bio-security programs mandatory. The March 2015 changes also provide the Boards the power to apply administrative penalties (to a maximum of \$10,000.00 payable to the provincial government's consolidated revenue fund) to mandatory bio-security programs. **These sections have not yet come into force.** Once cabinet passes the applicable regulation, the Boards will have the authority to establish policies and procedures, subject to prior approval from FIRB, which will enable them to effectively and accountably impose administrative penalties for failure to comply with mandatory bio-security program requirements. These penalties are in addition to the Board's powers of: production penalties, licence suspension and licence cancellation.

The purpose of administrative penalties is to provide an immediate, graduated and progressive enforcement tool where it is not practical or proportional for the Board to suspend or cancel a grower's licence for a less severe infraction.

A working group of Board staff & Board members from all commodities; FIRB and Ministry of Agriculture staff was established in early 2016 to develop a framework using FIRB's principle based regulation approach and SAFETI principles. FIRB has now approved the framework. The next step is for commodity Boards to ratify the framework – to approve in principle the guidelines. Once that step is completed, it will be up to Boards to develop and deliver to FIRB a policy and procedures for administrative penalties. The proposed final policy of each board must reflect the working groups guidelines and be pre-approved by FIRB prior to implementation. A

Board may decide not to utilize administrative penalties for mandatory bio-security programs, but must provide sound justification for that decision.

To date the BCCMB has not ratified the FIRB framework.

*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](mailto:billvanderspek@bcchicken.ca)*

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