



## BC CHICKEN MARKETING BOARD UPDATE for MARCH 2015

### In this edition:

1. A-129 Pricing
2. Avian Influenza Update
3. Allocation setting dates
4. Appeals update
5. BCCMB/BCBHEC Linkage update
6. BCCMB office staff update
7. A-127 End of Period Summary
8. A-131 Allocation

### 1. Period A-129 Pricing.

#### Mainstream:

The live price in BC for period A-129 (marketing's from February 22 – April 18, 2015 inclusive) has been set by the Board at **\$1.6245** per kilogram live weight. This represents a decrease of **\$0.0115** from the previous period.

The growers side of the PPAC triggered Exceptional circumstances for this period citing the new CFO COPF. The Board, after the PPAC unanimously recommended, decided the following:

To accept the March 4, 2015 unanimous recommendation of the PPAC respecting exceptional circumstances and:

- Not reopen and amend Pricing Order #120 dated February 26, 2015 for live price of mainstream chicken for quota period A-129 (February 22 – April 18, 2015).
  - Instead an adjustment will be made to quota period A-130 only. The adjustment is calculated as follows:
    - Ontario price using “new” weight category (2.15 to 2.45 kg live weight) results in BC price formula result = \$1.6245



## BRITISH COLUMBIA CHICKEN MARKETING BOARD

- Ontario price using “old” weight category (1.84 to 1.95 or 2.45 to 2.65 kg live weight) results in BC price formula result = \$1.6377
- Difference equals = \$0.0132. This adjustment will be added to the differential of \$0.0485 for a total differential of **\$0.0617** for quota period A-130.

Going forward commencing in A-130 the BCCMB will use the Ontario posted price in the traditional or “old” weight category of 1.84 to 1.95 or 2.45 to 2.64 kg live weight as its input to the BC formula.

**Linkage:**

The price linkage calculations done by Serecon for period **A-129** reflect the live chicken price of **\$1.6245** per kilogram live weight.

The calculations indicate that cost recovery parity of **96.36%** and a return on assets (minus quota) of **4.66%** will be achieved at the following prices:

Live Chicken @1.6245 per kilogram	down \$0.0150 per kilogram
Hatching Eggs @ \$5.0576 per dozen	down \$0.01730 per dozen
Day-Old Broiler Chicks @ \$0.7160 per chick	down \$0.018 per chick

**Specialty Chicken:**

At its meeting on February 29, 2015 the SMAC reviewed the Serecon updated information received on February 17, 2015. Serecon continues to monitor the relative feed price change between commercial and specialty broilers, confirming the relative consistency of results (a 0.05% decline for specialty vs a 2% decline for commercial) with the difference being justified given the fact that the specialty feed costs fell by 4.3% more than commercial feed in the last update.

**Taiwanese:**

The following prices have been set by the Board for Taiwanese chicken for quota period A-129 at:

- TC’s up to **82** days of age: **\$2.7665** per kg (a decrease of \$0.0077/kg from the previous period).
- TC’s **83 to 110** days of age: **\$2.9822**per kg (a decrease of \$0.0080/kg from the previous period).
- TC’s **over 110** days of age: **\$3.1806** per kg. (a decrease of \$0.0090/kg from the previous period).

## **Organic:**

After receiving the advice of the PPAC and reviewing the Serecon COP for Organic chicken, the Board decided not to set a price due to current uncertainty surrounding the rapidly accelerating cost of certified organic feed ingredients. Prior to the commencement of period A-130, Serecon will be tasked with obtaining current feed pricing information. It is the expectation of the BCCMB that the issue of feed pricing will have stabilized over the next 8 weeks. An updated COP will be presented to the PPAC for its consideration and advice to the Board for period A-130.

Pricing for organic chicken will be a matter between the grower and processor similar to the process in effect for the last three quota production periods.

## **Silkie:**

The following prices have been set by the Board for Silkie chicken for quota period A-129 in consultation with the SMAC at a decrease of one cent from the previous period:

- Silkie Chicken: **\$4.12** per kilogram.

## **2. Avian Influenza Update**

As of March 9, 2015, the CFIA removed the Avian Influenza Primary Control Zone (PCZ) in British Columbia. Permits are no longer required for the movement of birds and bird products within BC or out of the province.

It is important to note that there still continues to be international restrictions on Canadian exports of birds and bird products. In accordance with World Organization for Animal Health (OIE) guidelines, Canada would be in a position to regain its AI free status following 90 days of completing the cleaning and disinfecting of all infected premises should no additional cases be found in this period. Meeting OIE standards will be an important step toward the removal of remaining trade restrictions. The current target date for this is mid-June.

It should be noted that H5N2 high pathogenic AI has now been confirmed on a turkey farm in Minnesota and also 2 more turkey farms in Missouri have been confirmed with H5N2. There has also been a confirmed outbreak in Arkansas, which is home of both Primary Breeder Facilities and supplies the bulk of Canada's imported broiler hatching eggs.

AI Compensation. The board will be providing compensation to growers that were unable to place chicks due to being within the 1KM zones of the infected premises. All affected growers were able to make arrangements to lease their allocations to other growers. Affected growers will receive compensation in the amount of \$0.04 for each kilogram of allocation leased out. This number was arrived at using the average grower

return for A-127 and the first part of A-128 minus the lease fee of \$0.0325 minus foregone costs of \$0.16 per kilogram taken from the Serecon linkage information for period A-127. Eighteen growers were affected and received a detailed explanation of the calculations with their payments.

### **3. 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 CFC sets the allocation.

<b><u>Period</u></b>	<b><u>CFC Sets Allocation</u></b>
A-131 (June 14 – August 8, 2015)	March 25, 2015
A-132 (August 9 – October 3, 2015)	May 5, 2015
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

### **4. 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. The applicants appeal included an application for a stay of the Chicken Board’s April 14, 2014 decision. On August 21, 2014 the BCFIRB panel ruled on the stay application in favor of the BCCMB and the application was dismissed. After consultation with the organic industry on August 21, 2014; the Board on September 11, 2014 decided to reinstate a minimum live price for organic chicken. Arising from this decision, the parties agreed to adjourn the hearing of the appeal until the Board makes a decision on the new COP for organic chicken. Consequently, the original appeal dates of October 6, 7, and 8 were cancelled. The organic COP has now been completed and is expected to be implanted for period A-130 pricing. A pre hearing conference call has been scheduled by BCFIRB for April 17 to discuss the outstanding issues.

The BCCMB is continuing its legal action to recover any available funds from Fairline Canada (1992) Ltd. On February 17, 2015 the Honourable Justice Sharma signed a consent order specifying that Fairline Development (Canada) (1992) Ltd. has agreed that they owe the BCCMB the amounts as stated in our claim in the amount of \$504,661.95. The next step will be determining the method that will be used to try and collect on the Order.

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 have also filed appeals in their respective provinces. To date no prehearing conference has been schedule.

#### **5. BCBHEC/BCCMB Linkage Update**

As you are aware, the planned update to the pricing linkage between the BCCMB and the BC Broiler Hatching Egg Commission was put on hold in December due to the Avian Influenza outbreak.

The BCCMB and BCBHEC have agreed that it is now time to resume the grower surveys that are needed to update the linkage.

Bob Burden of Serecon Consulting may be contacting you in the near future to set up an appointment to review your production records. It is essential that Mr. Burden obtain complete information from a pre-determined number of growers and a variety of farm sizes in the lower mainland, Vancouver Island and Interior regions.

Your full cooperation during this process will be appreciated by the Board. Should you have any questions or wish to verify the validity of Mr. Burden's request, please do not hesitate to contact the BCCMB offices.

#### **6. BCCMB Office Staffing Update**

Katie Lowe (Manager of Administration) has given notice after 11 years with the Chicken Board Office to pursue a new opportunity within the BC chicken industry. Her last day at the BCCMB will be March 19, 2015. Katie will be missed and we wish her success in her new adventure. We are currently conducting a search through our HR consultant for a replacement for this position.

## 7. A-127 End of Period Summary:

	A-127			
Mainstream Grower's Only	# Growers	% of Total Growers	Kgs Over/(Under)	% Of Allocation
Mainstream Growers Receiving Allotment	255			
<b>Growers over 110% of allotment</b>	14	5.49%	161,932	3.72%
<b>Growers over 106% of allotment</b>	34	13.33%	351,498	11.76%
Growers between 100% and 105.9% of allotment	88	34.51%	263,023	32.48%
Growers between 94% and 99.9% of allotment	87	34.12%	(335,081)	38.53%
Growers between 90% and 93.9% of allotment	30	11.76%	(302,403)	12.52%
Growers below 90% of allotment	16	6.27%	(191,100)	4.70%
<b>Growers below 94% of allotment</b>	45	17.65%	(489,154)	16.99%
Column Totals	255	100%	(214,063)	100%
<b>BC Utilization</b>	98.58%			

	A-127			
Growers Cycle Length	# Growers	% of Total Growers	Kgs Live Wt	% Of Allocation
Mainstream Growers Receiving Allotment				
8 Week Cycle	229	85.77%	28,447,279	92.09%
9 Week Cycle	14	5.24%	1,372,422	4.44%
10 Week Cycle	9	3.37%	415,894	1.35%
11 Week Cycle	2	0.75%	231,499	0.75%
12 Week Cycle	7	2.62%	245,727	0.80%
16 Week Cycle	6	2.25%	178,677	0.58%
Column Totals	267	100%	30,891,497	100%

	A-127			
Average Live Weight	# Growers	% of Total Growers	# Kgs Produced	% Of Production
Mainstream Growers Rec'vd Allotment	255			
1.600 kg and below	1	0.39%	32,231	0.11%
1.601 – 1.700 kg	7	2.75%	510,131	1.66%
1.701 – 1.780 kg	7	2.75%	692,278	2.26%
1.781 – 1.850 kg	6	2.35%	561,565	1.83%
1.851 – 1.950 kg	23	9.02%	3,360,190	10.95%
1.951 – 2.020 kg	19	7.45%	2,299,809	7.50%
2.021 – 2.100 kg	21	8.24%	3,221,424	10.50%
2.101 – 2.170 kg	39	15.29%	6,141,633	20.02%
2.171 – 2.250 kg	33	12.94%	4,045,374	13.19%
2.251 – 2.500 kg	87	34.12%	8,919,472	29.08%
2.501 – 2.730 kg	12	4.71%	893,327	2.91%
2.731 – 3.180 kg	0	0.00%	-	0.00%
3.181 kg and above	0	0.00%	-	0.00%
Column Totals	255	100.00%	30,677,434	100.00%

## **8. A-131 Allocation**

The total national allocation (including MD) for period **A-131** (June 14 to August 8, 2015) was set by the CFC Board of Directors on March 25, 2015 at **230,699,527** kilograms live weight. This represents **3.5% above** the adjusted base for the period.

**3.5%** over base is equivalent to **5.4% more** than actual production during the same time frame during 2014 nationally. Market Development at **7,591,738** kilograms live weight represents **3.42%** of the national domestic allocation. Specialty allocation was requested by two provinces (BC and ON) for a total of **1,478,220** kilograms live weight.

### **BC's share of the A-131 allocation is:**

Domestic	31,629,439 kilograms live weight.
Market Development	1,701,016 kilograms live weight.
Specialty	922,780 kilograms live weight.
<b>Total</b>	<b>34,253,235 kilograms live weight.</b>

- MD represents **5.38%** of BC's domestic allocation for the period.
- Domestic allotments to BC growers will be **102.46%** pro rata.
- Assurance of supply leases for the period total **70,085** kilograms which is equivalent to **0.22%** of BC's domestic allocation.
- **3.5%** over base yields **2.68%** over base to BC under the new national allocation agreement.

For the first time, CFC directors set the allocation for two periods at a time. The A-132 allocation was also set at 3.5% over base. The breakdown of these numbers will be provided in the next board update when the allocation to BC growers has been done.

*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)*

*Bill Vanderspek  
Executive Director  
British Columbia Chicken Marketing Board*

*B:\Administration\Correspondence\Board reports to growers\2015\BCCMB UPDATE 2015 02.docm*