



BC CHICKEN MARKETING BOARD UPDATE for April 2017

In this edition:

- 1. A-143 pricing & update on new formula for mainstream chicken pricing.**
- 2. BCCMB 2016 Annual Report & presentation of financial statements to growers**
- 3. Allocation setting dates**
- 4. Appeals update**
- 5. New maximum density standards**
- 6. Total Flock Mortality Statistics**
- 7. Temporary suspension of Section 27.2 and 27.6(a) of the General Orders respecting over marketing.**

1. Live Pricing for Quota Period A-143 (April 16 – June 10, 2017)

New pricing formula update:

On April 10, 2017 industry received a letter from the BCCMB explaining the new pricing formula and the method that would be used to set the live price for period A-143.

On April 12, 2017 the BCCMB convened a conference call with the PPAC and other industry stakeholders. The purpose of the call was to provide an opportunity to review the formula and for participants to ask questions of the consultants that assisted the Board in its development. During the call, it became evident that some of the information that was presented required further clarification.

On the morning of April 13, 2017 the BCCMB held a conference call to discuss this issue at length. The determination of the Board is that there is sufficient cause to postpone the planned implementation of the new pricing formula at this time. Further consultation with the PPAC and other stakeholders will be required to ensure that there is clear and full understanding of the formula by all parties.

It is the intention of the Board to have this process complete in time for the A-144 pricing period. A PPAC meeting has been scheduled for May 10th, and will provide the

BRITISH COLUMBIA CHICKEN MARKETING BOARD

opportunity for PPAC members to meet face-to-face with the Board, Don Ference and Bob Burden with a view to dealing with questions relating to the new formula respecting mechanics of the formula, as well as the methods, sources and timing of data collection.

The formula found in Schedule 19 of the August 26, 2011 BCCMB General Orders has been used to set the live price for period A-143. The differential stated in section 3) c of Schedule 19 will be set at 5.71 cents per kilogram by Order of the Board. This is consistent with the differential that was applied in periods A-140 through A-142.

Mainstream:

The live price in BC for period A-143 (marketing's from April 16 to June 10, 2017 inclusive) has been set by the Board at **\$1.6011** per kilogram live weight. This represents an increase of **\$0.016** from the previous period. The price was set by the Board at the weighted average of Alberta, Saskatchewan, Manitoba and Ontario plus a differential of 5.71 cents per kilogram live weight.

Linkage:

The price linkage calculations done by Serecon for period **A-143** reflect the live chicken price of **\$1.6011** per kilogram live weight. The calculations indicate a cost recovery parity between the two commodities of **97.50%** and a return on assets (minus quota) of **3.95%** will be achieved at the following prices:

	Price	Change from A-142
• Live chicken	\$1.6011/kg	Up \$0.0160/kg
• Hatching eggs	\$5.3571/dozen	Up \$0.0698/dozen
• Day old chicks	\$0.7474/chick	Up \$0.0073/chick

Organic:

The live price for certified organic price for period A-143 has been set by the Board at **\$3.78 per kilogram live weight** which represents 100% of the cost of production for the period and is an increase from the previous period of 5 cents/kg live weight (which was set at \$3.73). The increase is attributed to higher feed and chick costs.

Specialty Chicken:

Silkie:

This is the first period of the two-period pricing block for Silkie chicken and represents a decrease in price from the previous period (A-142 set at \$4.03) of 7 cents. The following prices have been set by the Board for Silkie chicken for quota period A-143:

- Silkie Chicken: **\$3.96** per kilogram.

Taiwanese:

This is the first period of the two-period pricing block for TC chicken. The results for quota period A-143 are displayed in the table below where “green” indicates an increase and “red” indicates a decrease from the previous period:

Category	Age up to (days)	Price per kilogram Live weight	Age Between (days)	Price per kilogram Live weight	Age Over (days)	Price per kilogram Live weight
Loong Kong	68	\$2.63 Down 0.02	69 & 93	\$2.57 Down 0.02	93	\$2.58 Down 0.03
Bradner Special Dual	52	\$2.69 Down 0.02	53 & 65	\$2.63 Down 0.02	65	\$2.64 Down 0.02
Bradner Long cycle	71	\$2.79 down 0.03	72 & 86	\$2.73 Down 0.03	86	\$2.75 Down 0.02
Shon don or Hong Kong Golden	68	\$2.67 Up 0.04	69 & 83	\$2.62 Up 0.05	83	\$2.63 Up 0.04

2. BCCMB 2016 Annual Report & presentation of financial statements to growers: 2016 Annual Report:

As part of the Board’s strategic initiatives, the BCCMB annual report will no longer be mailed to growers. Instead all growers will receive an email with a link to an electronic copy of the report which can be downloaded as a file for printing if required.

Presentation of BCCMB 2016 year-end financial statements:

The Board in conjunction with its external auditors, MNP, will be making a presentation of the BCCMB's 2016 year-end financial statements to the growers at the next BCCGA Lower Mainland Growers' meeting scheduled for May 31, 2017. The BCCGA will be circulating the meeting details as per usual. There will be hard copies of the BCCMB financial statements available at the meeting.

3. Allocation Setting Dates

Future allocation 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-144 (June 11,2017-August 6, 2017)	March 15, 2017
A-145 (August 7, 2017 – September 30, 2017)	May 3, 2017
A-146 (October 1, 2017 – November 25, 2017)	June 28, 2017
A-147 (November 26, 2017 – January 20, 2018)	August 15, 2017
A-148 (January 21, 2018 – March 17, 2018)	October 11, 2017
A-149 (March 18, 2018 – May 12, 2018)	November 22, 2017
A-150 (May 13, 2018 – July 7, 2018)	January 11, 2018
A-151 (July 8, 2018 – September 1, 2018)	March 14, 2018
A-152 (September 2, 2018 – October 27, 2018)	May 14, 2018

4. Appeals Update

Appeals to BCFIRB related to the recent changes to the BCCMB NEGP

Seven specialty new entrant growers are appealing the December 2016 decision of the Board. This decision excluded specialty growers from the increased entry level of 20,000 kilograms per cycle for new and existing mainstream new entrants as well as the opportunity to participate in a matching program up to an additional 10,000 kilograms per cycle.

One grower has subsequently withdrawn his appeal.

The BCCGA is seeking clarity and appealing one component of the 10,000 kilogram matching program for mainstream new entrants that deals with the funding of the program. They are also appealing the clause which requires NEG's who accept the additional quota up to the new entry level of 20,000 kg/cycle remaining tied to their

current processor until such time as the new quota issuance has reached maturity under Part 35 of the BCCMB General Orders (another 10 years). The BCCGA has withdrawn their appeal after obtaining clarity from the Board respecting funding of the BOGO portion of the program.

The appeal has been scheduled for May 18-19, 2017 at a location to be determined.

5. New Maximum Density Standards for mainstream chicken:

Following extensive consultation with the PPAC, the Board has approved on April 3, 2017 the maximum density permitted under the CFC Animal Care Program of 38 kilograms per square meter. Growers who were previously approved to grow under the previous maximums of 32.5 kg/m² or 35.5 kg/m² will **not** automatically be approved for the highest density of 38 kg /m². Growers will be required to call the board office and speak to an auditor to apply for the new maximum density.

In accordance with the CFC Animal Care Program, growers are able to register their farms for high density (section 3) provided they are able to adhere to the following requirements:

1. The number of feeders and drinkers available must be appropriate for the number of birds in the barn.
2. Water meters must be available and intake recorded daily to monitor for changes in water intake.
3. Chickens must not have to travel any farther than 4m (13ft) to reach feed or water.
4. Minimum and maximum temperatures must be recorded daily.
5. Humidity or ammonia meters must be available to ensure that air quality is sufficient. This must be measured on each floor of the barn and the minimum and maximum be recorded daily.
6. Mortality and condemn records must be maintained for each flock. Mortalities and condemns must not be higher than would be expected for birds raised at 2.88kg/ft² (31kg/m²).

In order to apply for increased density beyond 31kg/m² growers must call the board office and set up an appointment with one of the board auditors who will confirm that all of these requirements are being met. If approved, a grower will be approved for high density in the next unallocated period.

An updated version of the General Orders will be posted on the website shortly. Check out Schedule 5 to see the changes.

6. Total Flock Mortality Statistics

*The total flock mortality includes condemnations and does not include DOA's

Total Flock Mortality Stats 2015 & 2016

2015	A-128	A-129	A-130	A-131	A-132	A-133	A-134
< 2%	2%	5%	2%	3%	5%	2%	1%
2 - 4%	13%	14%	16%	14%	17%	17%	12%
4 - 6%	20%	28%	23%	22%	26%	26%	25%
6 - 8%	44%	39%	41%	41%	36%	39%	41%
8 - 10%	11%	8%	10%	10%	11%	8%	7%
10 - 12%	9%	3%	6%	6%	2%	5%	8%
12 - 14%	0%	0%	0%	0%	0%	0%	0%
14 - 16%	1%	1%	1%	1%	1%	1%	1%
16 - 18%	0%	1%	1%	1%	1%	1%	1%
18 - 20%	0%	0%	0%	0%	0%	0%	1%
> 20%	1%	2%	0%	1%	1%	1%	2%

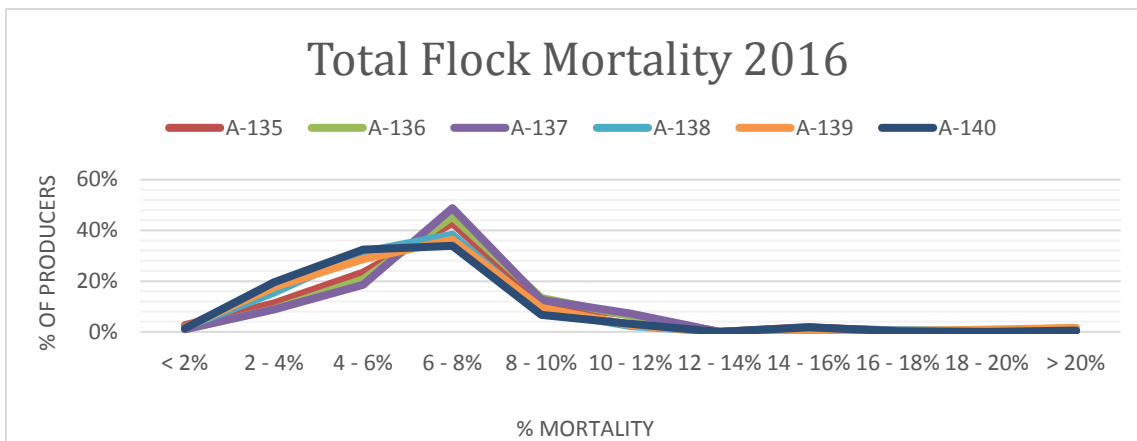
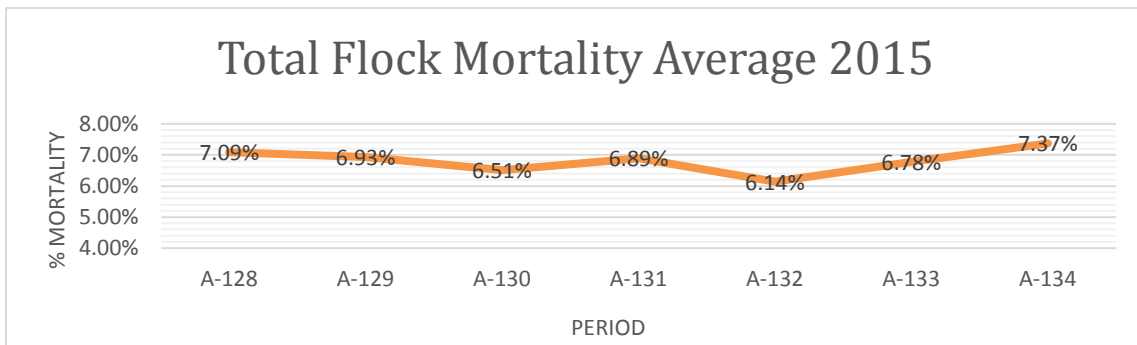
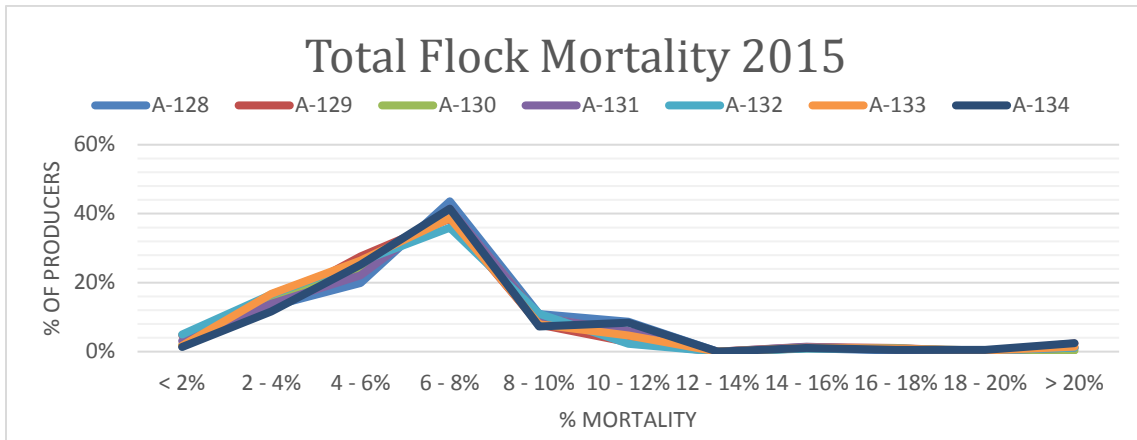
Averages

A-128	7.09%
A-129	6.93%
A-130	6.51%
A-131	6.89%
A-132	6.14%
A-133	6.78%
A-134	7.37%

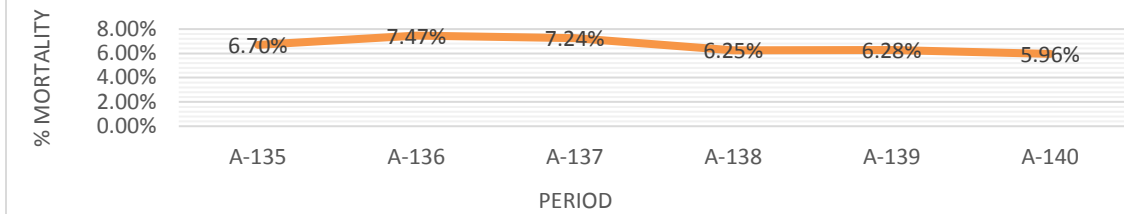
2016	A-135	A-136	A-137	A-138	A-139	A-140
< 2%	3%	1%	1%	2%	2%	1%
2 - 4%	11%	9%	9%	16%	18%	20%
4 - 6%	23%	21%	18%	31%	29%	32%
6 - 8%	43%	45%	49%	38%	36%	34%
8 - 10%	11%	13%	13%	8%	9%	7%
10 - 12%	7%	6%	7%	2%	3%	3%
12 - 14%	0%	0%	0%	0%	0%	0%
14 - 16%	2%	2%	2%	1%	1%	2%
16 - 18%	0%	1%	1%	1%	0%	0%
18 - 20%	0%	1%	0%	0%	1%	0%
> 20%	1%	2%	1%	1%	1%	1%

Averages

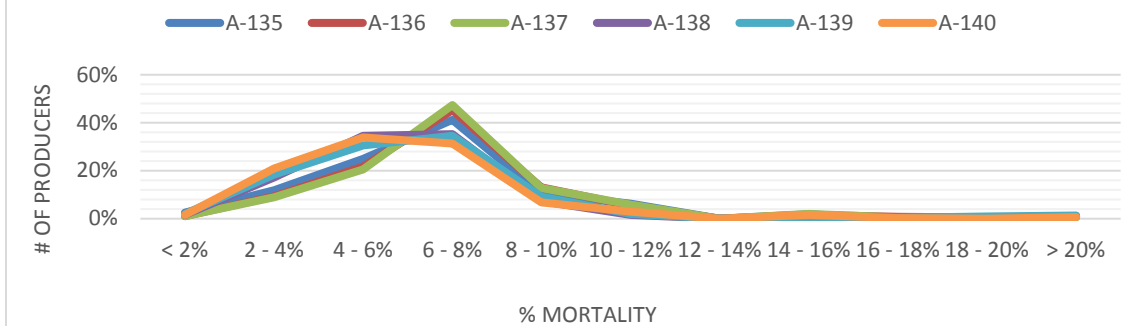
A-135	6.70%
A-136	7.47%
A-137	7.24%
A-138	6.25%
A-139	6.28%
A-140	5.96%



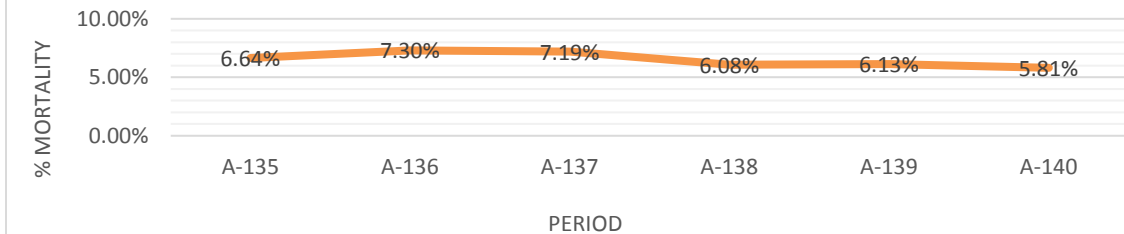
Total Flock Mortality Average 2016



Total Flock Mortality 2016 (RWA not included)



Total Flock Mortality Average 2016 (RWA not included)



7. Temporary suspension of Section 27.2 and 27.6(a) of the General Orders respecting over marketing.

The BCCMB continues to be concerned with BC's recent record of quota utilization. In period A-142 we produced 95.9% of our allocation and left almost 1.5 million kilograms live weight on the table. This represents \$2.4 million in lost farm gate revenue and several times that amount in lost sales to processors. In addition, quota utilization is a 7.5% factor in the CFC allocation formula and our continued underproduction is having a negative impact on our base allocations into the future. BC has been under produced in

seven of the last nine periods. There are many reasons for underproduction, but in an effort to encourage growers to meet their allotments the Board has authorized the following steps that will be in effect beginning the first week of period A-143 and until further notice:

- **Growers that produce up to 102% of their periodic allotment will not have their allotment reduced four periods later. Over marketing adjustments will be made on all production beyond 102%.**
- **Monetary over marketing levies between 106% and 109.9% will be suspended. Marketing's above 109.9% will attract levies at the rate of \$0.66 per kilogram.**
- These temporary measures will be reviewed on a period by period basis but will not in any case be changed prior to eggs sets for the first week of a new period.

In addition, the BCCMB with its industry partners is in the process of initiating a value chain committee with the stated goal of assessing the root causes of our current under production. You will be kept apprised of our progress in this regard.

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 by E-mail to billvanderspek@bcchicken.ca

B:\Administration\Correspondence\Board reports to growers\2017\BCCMB UPDATE 2017 04.docx