



BC CHICKEN MARKETING BOARD UPDATE for May 2017

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

The Board in conjunction with its external auditors, MNP, will be making a presentation of the BCCMB's 2016 year-end financial statements 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.

An email was sent to industry on May 9, 2017 containing a link to the BCCMB 2016 Annual Report.

As part of the Board's initiative to move to digital communications with growers and industry partners we will not be mailing out hard copies of our Annual report beginning with the 2016 edition.

The BCCMB Annual Report for 2016 is now available on our website.
Follow the steps below for access:

- Go to www.bcchicken.ca
- On our home page, under "Industry" a drop down box will appear.
- Click "BCCMB Reports"
- Click on "2016 Annual Report"

If you would like a direct link to the Annual Report, please click the link below:

<http://bcchicken.ca/BCChickenAnnualReport2016.pdf>

BRITISH COLUMBIA CHICKEN MARKETING BOARD

2 Pro-rata allotments to growers not on an 8 week cycle.

Recently the Board was made aware of concerns respecting periodic allotments to growers that are not producing on the standard 8-week cycle. The resulting investigation uncovered a glitch in the computer program that did not recognize pro-rata utilization above 100% to growers on cycles other than the standard 8-week cycle. This problem did not affect over all allocation; all kilograms allocated from CFC to BC were allotted to growers.

The result:

1. Growers on cycles **longer** than 8 weeks were **missing** allotment that they should have been given.
2. Growers on cycles **shorter** than 8 weeks were **gaining** allotment they should not have been given.

As soon as the problem was discovered, the Board was notified. Staff was instructed to (1) fix the problem for the next unallocated period which was A-144 and (2) gauge the extent of the problem and prepare a report for the Board.

The A-144 allotment is correct, and there will not be an issue going forward.

Staff examined data beginning with A-130 which was the first period with pro-rata allotments beyond 100% and ended with quota period A-143 for a total of 13 quota periods.

That data showed that during the 13 quota periods in questions, 7 growers were over allotted and 35 growers were under allotted for a total of 42 affected growers. The net amount of over/under allotment was 204,000 kilograms over 13 cycles.

During the 13 quota periods in question, BC's total allocation was approximately 390,000,000 kilograms live weight. The error represents 0.06% of the total over the two year period.

At its regularly scheduled meeting on April 28, 2017 the Board voted to:

1. Compensate growers at a rate of \$0.33 per kilogram live weight for missed allotments.
2. Invoice growers at a rate of \$0.33 per kilogram live weight for over allotments.

The net cost of correcting this problem is \$67,320.00 which will be funded from BCCMB revenues and in part by funds charged to over allotted growers. The Board is of the view that this is a fair solution that takes into account and balances the interests of all growers.

3. Allocation for Quota Period A-145 (August 6 – September 30, 2017)

The total national allocation (including MD and specialty) for period A-145 (August 6 – September 30, 2017) was set by the CFC Board of Directors on May 3, 2017. The A-145 domestic allocation was set at 246,299,143 kilograms live weight. This represents 5.0% above the adjusted base for the period. Market Development at 9,508,086 kilograms live weight represents 3.86% of the national domestic allocation. Specialty allocation was requested by two provinces (BC and ON) for a total of 1,619,681 kilograms live weight.

BC's share of the **A-145 allocation** is:

Domestic	34,631,105 kilograms live weight.
Market Development	2,585,389 kilograms live weight.
Specialty	886,481 kilograms live weight.
Total	38,102,975 kilograms live weight.

- MD represents 7.46% compared to BC's domestic allocation for the period.
- Specialty represents 2.55% compared to BC's domestic allocation for the period.
- Domestic allotments to BC growers will be **114.04 % pro rata**.
- 5.0% over base yields 4.3% to BC under the current allocation agreement.

4. New Mainstream Pricing Formula Update

The previous formula that has been used for the past seven years was comprised of the weighted average of the live prices in Ontario, Manitoba, Saskatchewan and Alberta plus \$0.0435 per kilogram.

The new formula is comprised of the following components:

The Ontario posted price (at the 1.84 to 1.95 kg weight category) **plus** catching costs (currently at \$0.035 per kilogram) **plus** 50% of the rolling average of the difference in feed and chick costs per kilogram between BC and Ontario over the most recent six periods.

For period A-144 the new formula yields a base price of **\$1.6041** which represents an increase of **\$.0030** per kilogram.

The BCCMB will evaluate the new formula and its components, with industry input, within one year of implementation.

The rationale and SAFETI analysis for the Boards' decision can be accessed on the BCCMB website at bcchicken.ca

5. Mandatory Notifiable Avian Influenza Insurance Update

In order to ensure that all poultry producers have the same set of documents and information on the Mandatory Review a common website was developed. It is now available at www.avianinsurancereview.com

The site contains the documents related to the Mandatory Insurance Review and enables the user to provide comments and feedback online.

6. 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. Marketings 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.

7. Board Operating Surplus for fiscal 2016

As a result of the Board temporarily amending its provisions respecting over-marketing commencing in A-143, the finance committee of the Board has recommended that it hold any surplus generated for 2016, rather than distributing it as per Part 15 of the August 26, 2011 BCCMB General Orders.

The Board is of the view that it is sound marketing policy to be prepared for possible national over marketing levies that may accrue and be payable to CFC arising from the decision to temporarily allow the suspension of OM levies between 106% and 109% as it attempts to encourage growers to improve on BC's quota utilization. This decision will be reviewed at a later date.

8. Upcoming Industry Surveys

BC Chicken Growers will be receiving two email surveys in June and July, the quota assessment evaluation survey (June) and the Life Cycle Analysis survey (July).

Quota Assessment Evaluation Survey

Further to our email on April 13, 2017, BCCMB is still doing initial evaluation on quota assessments, especially how they affect quota transfers assessments and limitations on incentive quota, such as new entrant grower quota and pro-rata increases.

If you haven't already, please read the materials on our website and answer some or all of the preliminary questions on the online form at www.bccchicken.ca – scroll down to News – Quota Assessment Evaluation. The answers we receive from these preliminary questions will help us evaluate the current situation so that we can develop an effective industry wide survey. A formal quota assessment evaluation will be sent in early June.

Life Cycle Assessment Survey

Chicken Farmers of Canada is doing a separate survey to evaluate the environmental and social impact of our industry compared to international standards. This results of this survey will provide us with real data to show our industry has a low environmental impact. The Canadian beef, egg, and dairy industries have already completed these type of studies. This survey will be sent at the end of June. Please take the time to complete this survey as the results will be very useful in our efforts to maintain public trust.

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@bccchicken.ca

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A-142				
Mainstream Grower's Only	# Growers	% of Total Growers	Kgs Over/(Under)	% Of Allocation
Mainstream Growers Receiving Allotment	277			
Growers over 110% of allotment	16	5.78%	154,363	3.14%
Growers over 106% of allotment	33	11.91%	276,240	7.56%
Growers between 100% and 105.9% of allotment	61	22.02%	172,901	20.42%
Growers between 94% and 99.9% of allotment	104	37.55%	-462,123	40.44%
Growers below 93.9% of allotment	79	28.52%	-1,203,169	31.59%
Column Totals	277	100.00%	-1,216,151	100.00%
BC Utilization			95.90%	
A-142				
Growers Cycle Length	# Growers	% of Total Growers	Kgs Live Wt	% Of Allocation
Mainstream Growers Receiving Allotment				
7 Week Cycle	6	2.17%	577,647	1.64%
8 Week Cycle	247	89.17%	32,695,442	92.93%
9 Week Cycle	6	2.17%	651,995	1.85%
10 Week Cycle	9	3.25%	692,213	1.97%
11 Week Cycle	1	0.36%	88,341	0.25%
12 Week Cycle	2	0.72%	182,401	0.52%
16 Week Cycle	6	2.17%	294,610	0.84%
Column Totals	277	100%	35,182,649	100%
A-142				
Average Live Weight	# Growers	% of Total Growers	# Kgs Produced	% Of Production
Mainstream Growers Rec'vd Allotment	277			
1.600 kg and below	2	0.72%	186,713	0.55%
1.601 – 1.700 kg	6	2.17%	411,496	1.21%
1.701 – 1.780 kg	4	1.44%	474,573	1.40%
1.781 – 1.850 kg	8	2.89%	755,072	2.22%
1.851 – 1.950 kg	18	6.50%	1,923,302	5.66%
1.951 – 2.020 kg	26	9.39%	4,851,350	14.28%
2.021 – 2.100 kg	37	13.36%	5,128,555	15.10%
2.101 – 2.170 kg	33	11.91%	4,929,474	14.51%
2.171 – 2.250 kg	37	13.36%	4,451,592	13.11%
2.251 – 2.500 kg	86	31.05%	9,784,527	28.81%
2.501 – 2.730 kg	15	5.42%	866,841	2.55%
2.731 – 3.180 kg	3	1.08%	196,001	0.58%
3.181 kg and above	2	0.72%	7,002	0.02%
Column Totals	277	100.00%	33,966,498	100.00%