



BC CHICKEN MARKETING BOARD UPDATE for March 2018

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1. BCFIRB Quota Transfer Assessment Review - decision

The BC Farm Industry Review Board (BC FIRB) has completed an objective evaluation of quota assessment tools including a general review and examination of its previous directions.

The full decision can be accessed by clicking on the link below, but a brief synopsis of the key elements of the decision are:

Consistent with BC FIRB's 2005 Specialty Review, the BC Chicken Marketing Board (BCCMB) is still required to:

- a) Bring in new entrants through our New Entrant Grower (NEG) program on a regular basis.
- b) Regularly review and update our NEG program to ensure it remains strategic and effective.
- c) Continually support regional and specialty/niche development opportunities through our NEG program.

BC FIRB has provided some flexibility to commodity boards' administration of quota assessment tools including the removal of LIFO (Last in First out) provisions, provided that the boards:

1. Apply 10/10/0 assessments on first transfer of any growth quota.
2. Allow quota holders to refuse growth quota.

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3. Do not grant growth quota to quota holders who have transferred quota in the last year.
4. Do not allow growers to defer their receipt of growth quota beyond the time frame specified by the Board.

Please click [here](#) for BC FIRB's full decision, including both the majority and dissenting member decisions.

The BC Chicken Marketing Board will be assessing BC FIRB's direction, carefully evaluating if any quota management changes are needed to reflect sound marketing policy while serving the public interest.

Further details will be circulated when they become available. Prior to making any changes or final decisions, the BCCMB will be engaged in a full process of industry consultation.

2. CPTPP

On January 23, 2018, Canada and 10 other countries concluded discussions on the Comprehensive Progressive Trans-Pacific Partnership (CPTPP) agreement. Unfortunately, the concessions offered in the original October 2015 TPP agreement were not adjusted to reflect the withdrawal of the USA. We expect that other CPTPP Members such as Chile will be in a position to fill the TRQ.

- The new CPTPP access represents an additional 2.1% of the Canadian chicken production that will be imported, in addition to Canada's existing commitments of 7.5% for a total of 9.6%.

CFC will be reviewing the CPTPP with government and will be seeking assistance to minimize the impacts as much as possible.

3. Avian Influenza Update

A presumptive low-pathogenic H7N1 (to be confirmed) avian influenza outbreak has been detected at a commercial turkey farm in Missouri, according to a notification on March 7, 2018 from the World Organization for Animal Health (OIE). The birds had shown no signs of illness and the results came in from routine monitoring.

You can read more about this at the following link:

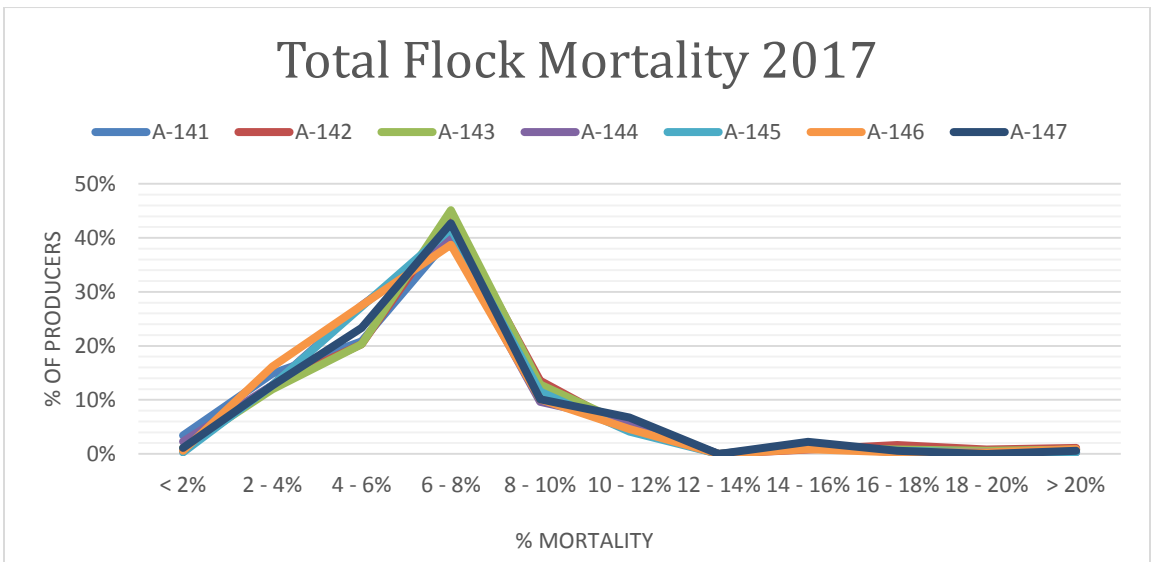
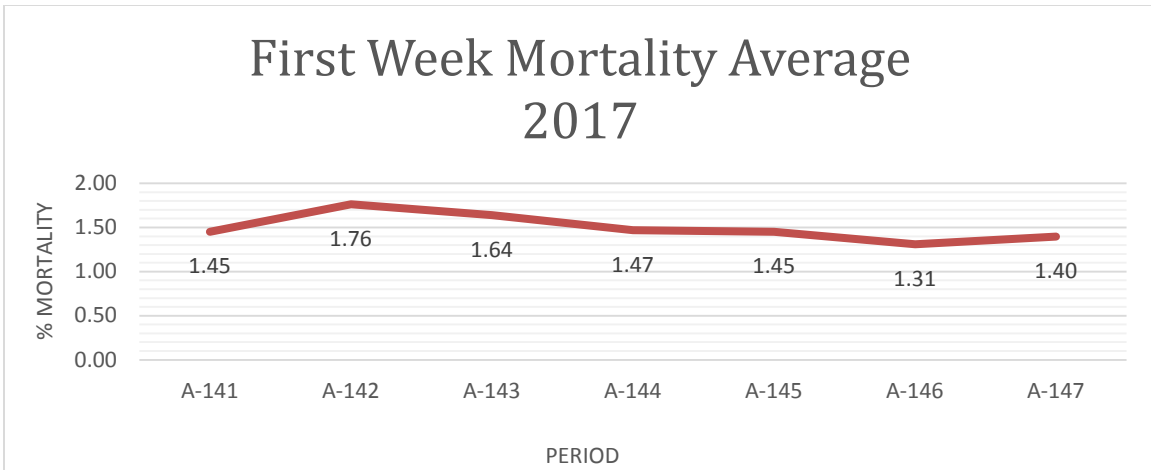
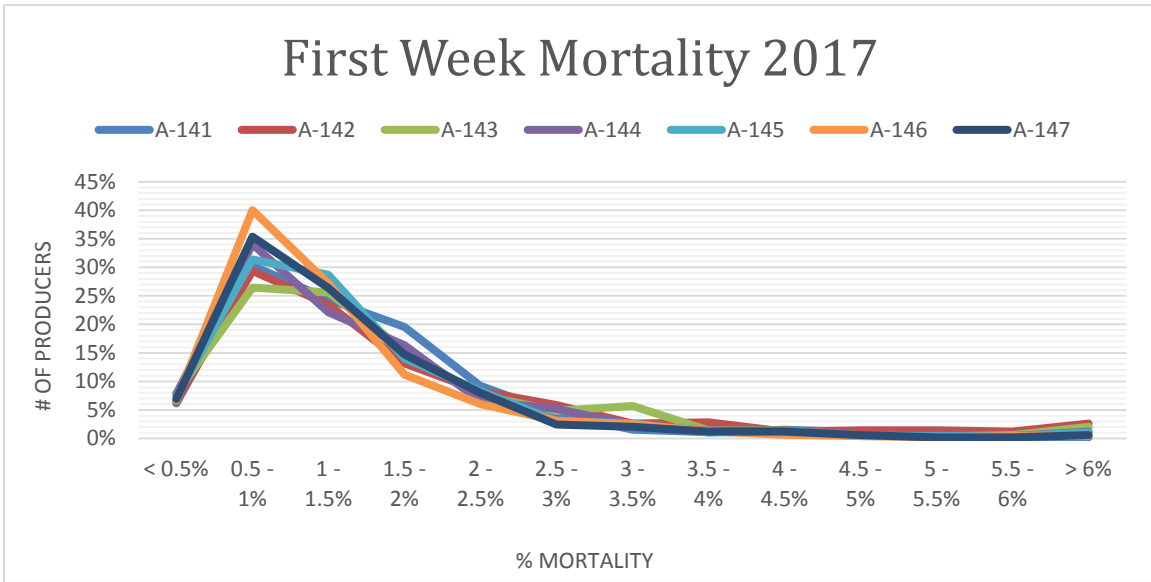
<http://www.cidrap.umn.edu/news-perspective/2018/03/low-path-h7n1-detected-missouri-turkey-farm>

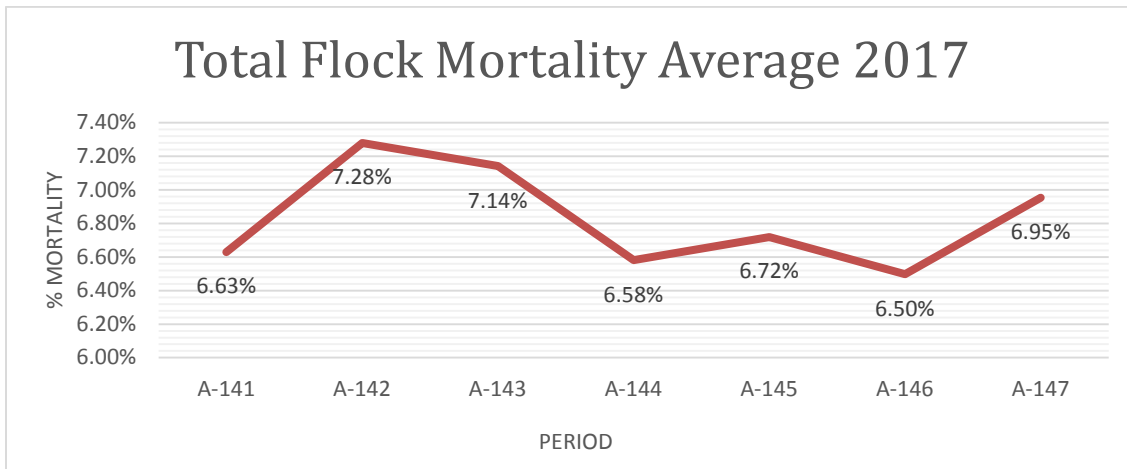
This marks the first detection of avian influenza in the US this year. Our understanding is that two other commercial poultry farms within a ten kilometer radius have tested negative. Farmers are reminded that we are not yet through this year's AI season and to maintain their stringent biosecurity measures and protocols.

4. A-147 Production Statistics

A-147				
Mainstream Grower's Only	# Growers	% of Total Growers	Kgs Over/(Under)	% Of Allocation
Mainstream Growers Receiving Allotment	282			
Growers over 110% of allotment	35	12.41%	464,740	9.65%
Growers over 106% of allotment	89	31.56%	1,005,499	29.27%
Growers between 100% and 105.9% of allotment	94	33.33%	383,950	37.83%
Growers between 94% and 99.9% of allotment	68	24.11%	-219,924	24.17%
Growers below 93.9% of allotment	31	10.99%	-419,540	8.73%
Column Totals	282	100.00%	749,985	100.00%
BC Utilization			101.46%	
A-147				
Growers Cycle Length	# Growers	% of Total Growers	Kgs Live Wt	% Of Allocation
Mainstream Growers Receiving Allotment				
7 Week Cycle	5	1.77%	595,348	1.72%
8 Week Cycle	261	92.55%	32,596,878	94.00%
9 Week Cycle	5	1.77%	378,112	1.09%
10 Week Cycle	1	0.35%	323,217	0.93%
11 Week Cycle	2	0.71%	144,140	0.42%
12 Week Cycle	7	2.48%	557,309	1.61%
16 Week Cycle	1	0.35%	83,281	0.24%
Column Totals	282	100%	34,678,285	100%
A-147				
Average Live Weight	# Growers	% of Total Growers	# Kgs Produced	% Of Production
Mainstream Growers Rec'vd Allotment	282			
1.600 kg and below	2	0.71%	83,894	0.24%
1.601 – 1.700 kg	2	0.71%	130,974	0.37%
1.701 – 1.780 kg	7	2.48%	538,949	1.52%
1.781 – 1.850 kg	4	1.42%	801,979	2.26%
1.851 – 1.950 kg	21	7.45%	2,903,109	8.19%
1.951 – 2.020 kg	15	5.32%	1,722,622	4.86%
2.021 – 2.100 kg	26	9.22%	3,148,739	8.89%
2.101 – 2.170 kg	25	8.87%	3,484,993	9.84%
2.171 – 2.250 kg	45	15.96%	6,731,681	19.00%
2.251 – 2.500 kg	100	35.46%	12,742,908	35.97%
2.501 – 2.730 kg	31	10.99%	2,955,766	8.34%
2.731 – 3.180 kg	3	1.06%	167,534	0.47%
3.181 kg and above	1	0.35%	12,400	0.04%
Column Totals	282	100.00%	35,425,548	100.00%

5. Mortality Statistics





6. Mainstream pricing formula update

Background:

Since 2010 the BC chicken industry had been following a BCFIRB ordered formula based on the weighted average of the live prices of Alberta, Saskatchewan, Manitoba and Ontario plus a differential of \$0.0435 per kilogram. During the period between 2010 and 2017 this differential in the formula was at times \$0.0485 and as high as \$0.0571 per kilogram as a result of long term and interim agreements between the growers and processors.

The BCCMB was encouraged to review the current pricing agreement and following months of work and consultation with industry a new pricing formula was communicated to the BC chicken industry on May 29, 2017 and was implemented for the first time in period A-144.

There were concerns raised during the review process by both the processors and the producers. The processors position was that BC's live price should be based only on the Ontario live price. The growers were concerned that the old formula made no allowance for the differences in the cost of production between BC and Ontario, specifically with regard to the feed and chick cost differences between the two provinces. In the view of the Board, the new formula addressed, to some degree, the concerns raised by both the processors and growers.

The new pricing formula introduced to the chicken industry by way of memo entitled "A-144 Mainstream Pricing Order" on May 29, 2017 as follows:

The BC minimum live price will be the Ontario posted live price (1.84-1.95 weight category) + \$0.035 (catching) + 50% of the difference in the cost of growing chicken (feed and chick only) between BC and Ontario.

The PPPABC filed an appeal with BCFIRB asking that this decision of the BCCMB be overturned. Dates were set for a five day appeal to be heard in two sessions in September and October 2017.

On September 8, 2017 a facilitated session was conducted which was designed to try to find a solution to PPPABC appeal of the new BCCMB pricing formula before it went to BCFIRB. The facilitator agreed to by all parties was Mr. Michel Maurer, past chair of the BCCMB.

Represented at the meeting:

- BC Chicken Marketing Board
- BC Chicken Growers Association
- Primary Poultry Processors Association of BC
- BC Broiler Hatching Egg Commission
- BC Farm Industry Review Board staff

The Hatching Egg Commission was included as any changes to the live price have an impact on the hatching egg price and chick price through the pricing linkage that has been in effect since 1994.

Following a number of hours of discussion and negotiations, an agreement in principle was reached to amend the new pricing formula for five periods up to and including period A-150 as follows:

BC's minimum live price will be based on the Ontario posted live price at their 1.84-1.95 weight category (inclusive of the Ontario \$0.012 modular loading cost recovery premium.) + \$0.035 (catching) + 50% of the difference in the cost of growing chicken (feed and chick only) between BC and Ontario based on a six period rolling average. The differential between the Ontario and BC live prices will be a maximum of \$0.0984 and a minimum of \$0.0761 per kilogram based on the 1.84-1.95 Ontario weight category.

Caveats to the agreement in principle:

- Any increases or decreases to the cost of catching during the period up to and including the end of period A-150 will result in corresponding increases or decreases to the maximum and minimum prices contained in the formula.
- Changes or amendments to the Ontario live price not related to the actual cost of production will not be included in the formula except by mutual agreement of the PPAC or by *Variation for exceptional circumstances* (Schedule 2) (Part 13) (Section 13.8) (7) of the August 26, 2011 BCCMB General Orders.

The agreement in principle was voted on and endorsed by the BCCMB. The amended formula has been in use since A-146 and is set to expire at the end of A-150. The BCCMB has committed to a full review of the current formula with any modifications to be in place in time for pricing for period A-151.

Although it is the BCCMB's responsibility to conduct this review and to implement any modifications to the pricing formula there will be thorough and open consultation with all industry parties affected by the pricing formula including: PPPABC, independent processors, BCCGA and BCBHEC. The Board is committed to an open, transparent and evidence based review process which will reflect SAFETI and principle based outcomes.

Next Steps:

The timeline that the BCCMB committed to as part of the September 8, 2017 mediated agreement is as follows:

- Period A-149 ends on May 12, 2018.
- Period A-150 begins on May 13, 2018.
- An initial meeting of the parties to the agreement prior to the end of Period A-149, during the second or third week of April, 2018. This meeting is now scheduled for April 20, 2018
- Input to the Board office no later than May 26, 2018.
- The BCCMB to review any input received and advise the parties to the agreement if they believe that adjustments to the formula are required and the nature of those adjustments by June 11, 2018.
- Parties to the agreement to respond to the BCCMB's proposed adjustments by June 22, 2018.
- The BCCMB to circulate its decision by June 29, 2018.
- Period A-151 begins on July 8, 2018 and will incorporate any amendments to the pricing formula.

Pricing Formula Review Components:

- Review the previous year's BC periodic price as compared to Ontario and the Prairie Provinces.
- Compare results of new formula with the previous formula (weighted average of the AB, SK, MB and ON live prices plus \$0.0485 and \$0.0571 per kg).
- Discuss any extraordinary events that occurred during the past year.
- Was the Variation for Exceptional Circumstances Section of the BCCMB General Orders triggered during the year? If so, what was the outcome?
- Clarify the rationale and policy behind the percentage of feed and chick cost differential between BC and ON used in the formula, currently at 50% and adjust if warranted.

- Review the guardrails and the rationale behind them to determine if they are working.
- Discuss the Ontario weight and price category that is used in the BC formula, currently at 1.84-1.95 kilograms ensuring that any contemplated change will maintain the principle of economic balance between the parties.
- Review revisions if any to the CFO COPF.
- Initiate a process to determine what constitutes a reasonable return to growers and processor competitiveness in the Canadian marketplace.
- Analyze and discuss feed price differentials and trends (corn versus wheat, west versus central) Historic and projected.
- Next review; timing, who will be involved.
- Discuss a method for dispute resolution to be used in the event that agreement cannot be reached in the review process. The default would be the BC FIRB appeal process.

Industry partners will be kept apprised as this process develops.

7. Pricing for quota period A-149 (March 18 -- May 12, 2018)

Mainstream:

The live price in BC for period A-1498 (marketing's from March 18 to May 12, 2018 inclusive) has been set by the Board at **\$1.5780** per kilogram live weight. This represents an increase of **\$0.023** from the previous period.

Linkage:

The price linkage calculations done by Serecon for period **A-149** reflect the live chicken price of **\$1.5780** per kilogram live weight. The calculations indicate a cost recovery parity between the two commodities of **92.86%** and a return on assets (minus quota) of **0.71%** will be achieved at the following prices:

	Price	Change from A-148
• Live chicken	\$1.5780/kg	Up \$0.0228/kg
• Hatching eggs	\$5.2018 dozen	Up \$0.0941/dozen
• Day old chicks	\$0.7214/chick	Up \$0.0098/chick

Organic:

The live price for certified organic price for period A-149 has been set by the Board at **\$3.66 per kilogram live weight** which represents an increase from the previous period of 8 cents/kg live weight (which was set at \$3.58).

Specialty	1,135,813 kilograms live weight.
Total	40,568,810 kilograms live weight.

- MD represents 6.46% compared to BC’s domestic allocation for the period.
- Specialty represents 3.06% compared to BC’s domestic allocation for the period.
- **The pro-rata allotments to BC growers is at 119.87% pro rata.**
- 5.0% over base yields 4.4% to BC under the current allocation agreement.

The **A-152 (September 2 – October 27, 2018)** total national allocation was set at 266,693,042 kilograms live weight on March 20, 2017 at CFC. This represents 3.0% above the adjusted base for the period. Market Development at 10,672,860 kilograms live weight represents 4.20% of the national domestic allocation. Specialty allocation was requested by three provinces (BC, AB and ON) for a total of 2,119,594 kilograms live weight.

BC’s share of the **A-152 allocation** is:

Domestic	35,570,269 kilograms live weight.
Market Development	2,377,000 kilograms live weight.
Specialty	1,119,569 kilograms live weight.
Total	39,066,838 kilograms live weight.

- MD represents 6.68% compared to BC’s domestic allocation for the period.
- Specialty represents 3.14% compared to BC’s domestic allocation for the period.
- The pro-rata allotments to BC growers will be calculated at a later date when our office does the allocation and calculates the grower allotments.
- 3.0% over base yields 2.6% to BC under the current allocation agreement.

9. Requirements for proper and timely euthanasia of culled birds

Birds unfit for transport:

Under the guidelines of the Code of Practice, any live birds that remain in the barns after live haul must be either euthanized in a timely manner (within hours of catching), or must continue to be cared for in accordance to the Animal Care Program guidelines (e.g. feed and water, temperature and ventilation), immediately following catching.

All euthanized birds, and mortalities left in the barn following catching must be handled and disposed of in an approved manner. (Biosecurity Standard #11). They must either be incinerated or composted in such a manner as to prevent pests from gaining access to them.

10. Appeal Update:

K & M Farms is appealing the decision of the Board, denying annualization for his production. A hearing date has been scheduled for June 15, 2018 at a location to be determined in Abbotsford.

11. Staffing Update- BCCMB Administrative Assistant

The end of March BCCMB administrative assistant Erica Driesen will be going on maternity leave. Kelli Garbutt was hired January 2018 and will be the friendly voice you hear when you call the Board office. We would like to thank Erica for all her hard work and welcome Kelli to the team.

*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
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