



A-163 ALLOCATION – FREQUENTLY ASKED QUESTIONS

PRODUCTION PLANNING BASED ON THE APRIL 14, 2020 CFC ALLOCATION TO ACHIEVE AN OVERALL REDUCTION OF 7.5% FROM THE ORIGINAL ALLOCATION SET ON FEBRUARY 5, 2020.

As communicated on April 7, 2020, BC hatcheries reduced egg sets by 5% effective April 6, 2020 to respond to changes in the market. To achieve an allocation reduction of 7.5% from the February 5th allocation, as set by the CFC Board on April 14, 2020, BC hatcheries will be reducing egg sets by 10% effective April 13, 2020 and by 15% effective April 20, 2020 for the remainder of A-163.

Egg sets for period A-163 were as follows:

- Weeks 1, 2, and 3 were set at 100%
- Week 4 was set at 95%
- Week 5 (this week) at 90%
- Weeks 6, 7, and 8 at 85%

This means that depending on which week they will be placing, a grower's performance for A-163 could end up: (beyond the original A-163 allocation set on February 5)

- Weeks 1, 2 and 3, growers could be overproduced by 7.5%
- Week 4 growers could be overproduced by 5.0%
- Week 5 growers could be underproduced by 2.5%
- Week 6, 7 and 8 growers could be underproduced by 7.5%

These numbers are intended to achieve a total reduction over the period of 7.5% from the original number (which was set at 2.5% over base) and enable BC to come in at 100% utilization of the revised allocation number at the end of the period.

Why was the allocation adjusted on April 14, 2020?

Farm Products Council of Canada (FPCC) did not prior-approve the A-163 allocation in light of the recent significant shifts in market demand and reduction in slaughter capacity as a result of the unprecedented impacts of COVID-19. CFC was required to reconsider the A-163 allocation in light of these changes. As a result, the allocation for A-163 has been set at -7.5% from the February 5, 2020 allocation for Western Canada and -15% from the February 5, 2020 allocation for Eastern Canada.



For BC this results in the following changes to the A-163 allocation (in live weight per kilogram):

Domestic:	34,910,102 kilograms – reduced by 7.5% or 2,830,548 kilograms
MD:	1,623,413 kilograms – reduced by 32.5% or 784,773 kilograms
Specialty:	No change
Total:	37,779,540 kilograms – a reduction of 8.73% or 3,615,321 kilograms

As a result of this change in allocation, producers will need to work with their hatcheries and processors to determine the appropriate measures to meet the market requirements for A-163.

BC growers will receive updated A-163 QPA's on Thursday, April 16, 2020

Are all Producers' A-163 allocations reduced by -7.5%?

Yes. As a result of the revised allocation set by CFC on April 14, 2020, the pro rata utilization for all growers has been adjusted to 111.67% to achieve BC's revised provincial allocation. The Board will be reviewing its policies with respect to over and under production in an effort to ensure that all growers will be dealt with equitably. Please refer to the questions below regarding over-marketing and underproduction.

If a grower placed chicks on or in advance of the April 14, 2020 revised A-163 allocation, are they required to adjust their planned production?

No. As the eggs were set or chicks were placed prior to the revised allocation, growers should place in accordance with the eggs that were set for shipments in their home week. Many of these growers will find themselves in an overproduction situation of at least 7.5% at the end of their cycle. This issue will be dealt with in a FAQ later in this document.

What are producers who have planned placements after April 14, 2020 required to do?

All growers will receive an updated Quota Production Allotment (QPA) for period A-163 that will reflect a reduction of 7.5% from the QPA that was previously issued to them. Growers in weeks 6, 7 and 8 of A-163 will have their chick placements reduced by up to 15%. In contrast to growers in the first three weeks of the period, many of these growers will find themselves in an underproduction situation of at least 7.5%



Will there be any change to penalties for over-marketing or increased sleeves for under production in A-163?

This will be a matter for the Board to consider prior to the commencement of shipments for period A-163 which will begin on May 10, 2020. Staff will prepare a range of options for consideration of the Board that will be designed so that all growers receive equitable opportunities to deal with overproduction or regain lost production in future periods. These options will be taken to the Price and Production Advisory Committee (PPAC) for their consideration and advice prior to implementation.

What about Market Development Lease for A-163?

Market Development allocation for A-163 that was leased to eligible producers before April 14, 2020 is no longer valid and will need to be re-issued. A number of processors have amended their A-163 MD numbers; these will be recalculated and will appear on a grower's amended A-163 QPA. There is no action required by the grower with regard to A-163 MD lease.

What about leases already signed for A163? Are they still in force?

Yes. Leased production will remain as a portion of a grower's A-163 allotment and will become part of the calculation for over and under production for future periods.

As a result of the COVID-19 pandemic, how has the chicken market temporarily changed?

The COVID 19 pandemic has materially altered purchasing behavior in BC as well of the rest of Canada. The State of Emergencies declared by governments across the country has resulted in a significant decline in in-person dining in restaurants and resulted in the closure of many food service establishments. Restaurants Canada estimates that nearly 1 in 10 restaurants have permanently closed and 53% of restaurants are temporarily closed. Drive through and take-out options remain but volumes have declined dramatically. Estimates are that the demand for chicken through the food service channel has temporarily declined by two thirds nationally.

The retail channel continues to operate and the initial response by consumers was panic buying of chicken which led to a surge in demand. The retail pattern is now shifting and the center of



store with non-perishable foods is seeing greater demand than foods such as meat. While the situation is considered temporary, currently there are concerns of excess supply of chicken.

Much like the COVID-19 pandemic itself, the impacts of these changes in consumer behavior have not impacted all parts of Canada the same. In that regard, the impacts to the industry in the west have not been the same as in the east, primarily due to a significant concentration of food service processing that takes place in the east. As a result, in close consultation with our stakeholders in British Columbia and across the country, the BCCMB has supported and CFC has agreed to a regional approach to allocation for this temporary and unprecedented situation.

WE WILL CONTINUE TO UPDATE THESE FAQs AND WELCOME ADDITIONAL QUESTIONS FROM GROWERS

For more information on any of the technical details listed above, please contact the following BCCMB staff and / or industry stakeholders:

- All questions related to chick orders should be directed to your hatchery
- All questions related to shipment of birds should be directed to your processor
- All questions related to Market Development lease should be directed to your processor
- All questions related to the Board's Regulations or Policies should be directed to the BCCMB Executive Director, Manager of Administration, or Executive Assistant
- Inquiries regarding your specific A-163 revised allotment or QPA should be directed to the Production Coordinator.
- All other inquiries may be directed to the BCCMB Executive Director