



TO: ALL BC CHICKEN GROWERS AND PROCESSORS

October 23, 2020

PRICING ORDER #157

The British Columbia Chicken Marketing Board orders as follows:

- (1) The minimum prices to be paid by Processors to Growers for chicken marketed in the Province of British Columbia on all product contracted for or otherwise designated by the Board to be shipped in the Period A-166 (October 25, 2020 – December 19, 2020) shall be as follows:
- (2)

<u>Average Live Weight</u>	<u>Price per kilogram live weight</u>
1.600 kg and below	\$1.6900
1.601 – 1.700 kg	\$1.7320
1.701 – 1.780 kg	\$1.7360
1.781 – 1.850 kg	\$1.7250
1.851 – 1.950 kg	\$1.7100
1.951 – 2.020 kg	\$1.6930
2.021 – 2.100 kg	\$1.6900
2.101 – 2.170 kg	\$1.6900
2.171 – 2.250 kg	\$1.6870
2.251 – 2.500 kg	\$1.6850
2.501 – 2.730 kg	\$1.6770
2.731 – 3.180 kg	\$1.7340
3.181 kg and above	\$1.7880

Included in live price are catching costs of \$0.0365 per kilogram, which are charged back to producer by the processor.

- (3) All prices are f.o.b. farm.
- (4) This order shall remain in effect until rescinded, varied or amended by further order of the Board.
- (5) The targeted weight shall be as specified on the contract.
- (6) Tolerance on a flock is plus or minus 6% from targeted weight.
- (7) If flock average weight falls within targeted weight tolerances (i.e. weight range plus or minus 6%) but the average weight is in a different category, the price payable will be determined by the average weight delivered.

BRITISH COLUMBIA CHICKEN MARKETING BOARD

Mr. H. Sasaki, Chair

******Please see the next 2 pages for additional information related to the A-166 Pricing Order******



1. Change from previous period: This represents an **increase** of \$0.006/kg from period A-165.

2. Levies: A levy of \$0.0202 on all payable weight is to be deducted from the grower by the processor and remitted to the BCCMB as per Part 14 *Fees and Levies* of the BCCMB General Orders.

BC Levy Rate Breakdown:

BCCMB portion	\$0.0145 per kilogram live weight
CFC portion	\$0.0057 per kilogram live weight
<u>TOTAL</u>	<u>\$0.0202 per kilogram live weight</u>

3. Pricing formula:

The pricing formula that has been used to establish the minimum live price for period A-166 is comprised of the following components:

The Ontario live price at their 2.45 – 2.65 weight category, **Plus**
The current BC catching cost of \$0.0365 per kilogram, **Plus**
75% of the difference in the cost of feed and chicks per kilogram.

For information purposes only: CFO did include modular loading and AI insurance cost recoveries in their live price calculations for period A-166. This has no effect on the BC live price as these factors have been excluded from the BC live pricing formula.

Beginning in period A-163, the Ontario Broiler Hatching Egg and Chick Commission (OBHECC) has applied a charge of \$0.00117 (plus HST) per chick related to emergency depopulation services. This charge has been added to the base chick price in Ontario, **but has excluded from the BC pricing formula for period A-166.**

a) This formula was developed as an interim measure to be used for periods A-151 through A-156 and contain minimum (\$0.0970) and maximum (\$0.1249) differentials per kilogram between the Ontario and BC live price. The interim pricing formula was appealed to BCFIRB by the BCCGA and PPPABC late in 2018. The BCCMB's position was upheld in a decision issued by BCFIRB in May, 2019. FIRB instituted a Supervisory Review on Interim Pricing Next Steps on June 8, 2020. The Board via its June 26, 2020 submission to FIRB recommended FIRB should not intervene with any changes to the Chicken Boards current pricing formula at this time.

b) The catching price of \$0.0365 per kilogram is included in the live price, but is deducted from the grower's net proceeds in order to reimburse the processor for the cost of catching the birds.

c) The Pricing Working Group (PWG), established in September 2019 to make recommendations on a long term pricing agreement, was unable to have their work completed in time for period A-161 however provided a recommendation in January 2020 to the PPAC which has been endorsed by the Board commencing period A-161. Continuing for period A-166, the formula will retain the exception of removal of the 6 period rolling average from the chick and feed price differential calculation. The PWG process was interrupted by the COVID-19 pandemic and subsequently discontinued as a result of the BC Farm Industry Review Board Supervisory Pricing Review Process in June 2020.



The actual numbers applied to the formula to calculate the A-166 price:

Ontario price	\$1.5650***
Catching cost	\$0.0365
Feed and chick differential	\$0.0899**
Total	\$1.6900*

*This yields a difference in the live prices between Ontario and BC of \$0.1264 which falls outside the upper guardrail of a maximum (\$0.1249). Therefore the upper guardrail of \$0.1249 was used to calculate A-166 price as described in note 3 (a) above.

** The BC Broiler Hatching Egg Commission has made an adjustment of one week to the breeder kill age, from the current 56 weeks to 55 weeks. This has resulted in an increase to the day old chick price of \$0.01 per chick. BCFIRB has advised that they will render a decision within the next week as to whether or not this change is in contravention of their July 3, 2020 decision which states in Paragraph 44: *The Chicken Board and the Commission are directed not to change any aspect of the current pricing structures as defined in this decision, unless by the way of BCFIRB prior approval or until such time as BCFIRB determines otherwise.* Should BCFIRB determine that the reduction in breeder kill age by the BCBHEC was inconsistent with their July 3, 2020 decision, the BCCMB may seek prior approval from BCFIRB to revisit the A-166 live price.

***Beginning in period A-163, the Ontario Broiler Hatching Egg and Chick Commission (OBHECC) has applied a charge of \$0.00117 (plus HST) per chick related to emergency depopulation services. This charge has been added to the base chick price in Ontario, **but has excluded from the BC pricing formula for period A-166.** BCFIRB has ruled that the exclusion of the OBHECC levy is consistent with prior decisions of the BCCMB to exclude levies and charges contained in the Ontario live price such as modular loading cost recovery and AI insurance premiums from the net Ontario posted price that is used in the BC live price formula.