

Schedule 15
(Part 55)
(Section 55.4)

Board Decision or Determination

Form B

attach applicable Forms A, if available

A-117 Mainstream Pricing

April 19, 2013

1. Date(s) of this decision: April 19, 2013

2. Members of Board present for decision:

D. Stancil, DA Janzen, J. McComish, K. Froese, G. Gauthier.

3. What sources of information did the Board consider in coming to its decision?

- Form A - Application for Decision or Determination
- Board Staff's Briefing Note
- Applicant's oral submissions
- Board's Orders (give reference numbers, if applicable):
 - Part 13 Payment to Growers
 - Schedule 2 Pricing and Production Advisory Committee
 - Schedule 3 Pricing Order for Mainstream Chicken
 - Schedule 19 Pricing Model

Other (explain):

BCFIRB June 10, 2010 Supervisory Decision

Pricing bulletins for quota period A-117 (Alberta, Saskatchewan, Manitoba).

CFO Insight letter dated April 10, 2013

CFO Live Price Update for quota period A-117

4. What is the Board’s decision?

To apply the CFO adjusted live price without application of the service charge referenced in the CFO Live Price Bulletin to be used for the BC formula for quota period A-117.

5. Why did the Board come to this decision?

It is the understanding of the Board that this adjustment was made by CFO after negotiations with its industry stakeholders. CFO did not implement its new “Risk/Cost Sharing” Mechanism for Pricing in A-117 as was previously announced.

The 2010 BCFIRB Supervisory Decision states that “all parties in this supervisory review agree that a workable pricing model must be consistent, predictable, transparent, and result in a live price that gives growers a reasonable return and allows processors to be competitive in the Canadian Market”.

The Board’s decision is consistent with the FIRB supervisory decision and with past practices of the BC Board to apply adjustments related to the CFO pricing formula components that are noted on Ontario’s Live Price Update.

RATIONALE FOR DECISION BASED ON OUTCOME BASED PRINCIPLES

Strategic

- The decision is consistent with the past practice of the Board to maintain consistency in BC's pricing differential relationships with the majority of the three other western provinces and with the Ontario price which was also adopted by Quebec.
- This decision allows BC growers and processors to retain traditional competitive relationships in the west. It is the opinion of the Board that the concept of maintaining pricing differentials and competitive relationships across the west is consistent with sound marketing policy.

Accountable

- The Board is accountable to all growers and processors in the province of BC. Any person aggrieved by the decision can appeal to FIRB. Growers and Processors are well aware of their rights to appeal and the methodology to do so. The PPAC was informally consulted by the Board on April 18th. The members expressed their perspectives on the adjustment based on their separate interests and did not achieve consensus.

Fair

- The decision is consistent with past practices of the Board to use the adjusted Ontario live price exclusive of a line item referred to as "service charge." (Where Ontario has not made adjustments, the Ontario live price has been used in the BC formula) Pricing is a provincial responsibility. The decision maintains the status quo in the west (which has an impact of the BC weighted average pricing formula calculation) and the rest of Canada. Seven of the other nine provincial chicken boards in Canada issued their A-117 pricing orders in a manner consistent with CFO respecting the 2.0 cents negative adjustment. Newfoundland and Labrador do not change their price from period to period. Manitoba was the only real exception, who, through negotiation between the Board and Processors, shared the adjustment equally. Manitoba's pricing decision is transmitted through application of the BC formula and impacts the BC price.

Effective

- It maintains the status quo respecting pricing differentials in the west and across Canada. The BC Board acted in the best interests of the BC chicken industry taking all industry positions into account.

Transparent

- The Board has the authority to deal with this issue. The decision is consistent with the General Orders and past decisions of the Board. Representatives of chicken growers, processors, and hatching egg producers were represented at the informal meeting of the PPAC. The Ontario Industry Newsletter and live price update were circulated to all industry prior to the meeting. It was not clear that the 2 cent adjustment was related to any of the components within the Ontario COP, and BC was unable to obtain clarity on this issue from CFO. In the interests of maintaining BC's competitive position with the rest of Canada, the BCCMB made the decision to include the 2 cent reduction in the A-117 price.

Inclusive

- The pricing order affects A-117 pricing for BC mainstream growers and processors in a manner consistent with growers and processors in the rest of Canada.