



TO: ALL BC CHICKEN GROWERS AND PROCESSORS

June 1, 2023

PRICING ORDER #174

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-183 (June 04, 2023 – July 29, 2023) shall be as follows:
- (2)

| <u>Average Live Weight</u> | <u>Price per kilogram live weight</u> |
|----------------------------|---------------------------------------|
| 1.600 kg and below | \$2.2670 |
| 1.601 – 1.700 kg | \$2.3090 |
| 1.701 – 1.780 kg | \$2.3130 |
| 1.781 – 1.850 kg | \$2.3020 |
| 1.851 – 1.950 kg | \$2.2870 |
| 1.951 – 2.020 kg | \$2.2700 |
| 2.021 – 2.100 kg | \$2.2670 |
| 2.101 – 2.170 kg | \$2.2670 |
| 2.171 – 2.250 kg | \$2.2640 |
| 2.251 – 2.500 kg | \$2.2620 |
| 2.501 – 2.730 kg | \$2.2540 |
| 2.731 – 3.180 kg | \$2.3110 |
| 3.181 kg and above | \$2.3650 |

Included in live price are catching costs of \$0.04 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- (4) This order shall remain in effect until rescinded, varied or amended by further order of the Board.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. Kevin Klippenstein, Chair

******Please see the next page for additional information related to the A-183 Pricing Order******



1. Change from previous period: This represents a decrease 2.6 cents/kg from period A-182.

2. Levies: A levy of \$0.0204 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. This levy increase of \$0.0002 is a result of CFC's approved 3-year strategic plan (2023-2025) and their 2023 priorities, an increase in revenues is needed for short-term and long-term funding of CFC's branding, promotional and research program. The BCCMB portion remains unchanged.

BC Levy Rate Breakdown:

| | |
|---------------|-----------------------------------|
| BCCMB portion | \$0.0145 per kilogram live weight |
| CFC portion | \$0.0059 per kilogram live weight |
| TOTAL | \$0.0204 per kilogram live weight |

3. Pricing formula:

The pricing formula that has been used to establish the minimum live price for period A-183 is comprised of the following components with prior approval of BCFIRB granted June 28, 2022, August 25, 2022, December 13, 2022, February 7, 2023 and April 3, 2023:

- The Ontario live price at their 2.15 – 2.45 kilogram weight category, **Plus**,
- The current BC catching cost of \$0.04 per kilogram, **Plus**,
- 75% of the difference in the cost of feed and chicks per kilogram, **Plus**
- The addition of a trigger mechanism to determine when 50% of the current formula costs exceeding the upper guardrail is appropriate to include in the interim pricing formula to account for the wheat-corn gap. The trigger will be a cost gap of \$115.23 between Ontario and BC feed costs per tonne. If the trigger threshold is not met, no adjustment will be made to the live price. If the trigger threshold is met, provisions to cover 50% of the formula costs exceeding the upper guardrail will be made.
- If the above trigger mechanism is met, a provision to cover 50% of the current formula costs exceeding the upper guardrail after adjustment for the cumulative increase or decrease in Ontario grower margins arising from changes to the Ontario Cost of Production formula (COPF) starting in A-181. If the resulting number is negative, no adjustment will be made to the live weight price. The upper guardrail is currently set at 12.84 cents/kg).

The numbers indicated by the formula to calculate the A-183 minimum live price:

| | | |
|---|------------|-----|
| Ontario price (2.15 - 2.45 category) | \$2.0780 | |
| Minus CFO modular loading recovery | \$0.0020 | |
| Minus CFO AI Insurance recovery | \$0.0015 | |
| Minus OBHECC chick levy | \$0.0006 | |
| Net Ontario Price (2.15 - 2.45 category) | \$2.074 | = A |
| Plus BC catching price | \$0.0400 | |
| Plus 75% feed and chick differential | \$0.2179 | |
| Total differential over Ontario | \$0.2579 | |
| BCCMB Pricing Formula - Upper Guardrail value of | \$0.1284 | |
| Total differential over Ontario | \$0.2579 | |
| Total differential over Ontario GREATER THAN Upper Guardrail - use Upper Guardrail | \$0.1284 | = B |
| Differential over upper guardrail = (Total differential over Ontario - Upper Guardrail) | \$0.1295 | |
| A-183 Floating Guardrail Mechanism Triggered (Yes or No) | Yes | |
| Ontario Producer Margin Period A-180 | \$0.6384 | |
| Ontario Producer Margin Period A-183 | \$0.6288 | |
| Change to Ontario's Producer Margin (If Negative not used in Formula) | -\$0.0096 | |
| BCFIRB December 13, 2022 Prior Approval A-180 Interim Pricing Formula: = (Differential over upper guardrail) | \$0.1295 | |
| Plus 50% of Differential over Upper Guardrail = | \$0.0648 | = C |

A-183 BC Posted Price = \$2.074 + \$0.1284 + \$0.0648 = \$2.267

A B C