



April 13, 2021

Primary Poultry Processors Association of British Columbia  
Mr. Blair Shier, President  
BY Email: [bshier@jdsweid.com](mailto:bshier@jdsweid.com)

**Re: March 4, & April 9, 2021 correspondence regarding A-169 Live Pricing in BC**

Dear Mr. Shier,

**March 4, 2021 letter from PPPABC**

The Board at regularly scheduled meetings held on March 31, 2021 and again on April 9, 2021 reviewed and discussed your above noted letter in which you request that the BCCMB/BCBHEC *implement a temporary pricing formula for the A-169 production cycle to allow stakeholders time to assess the changes in the Ontario COPF and potential impacts to the BC industry.* You state in your letter that “without a change to the current BC Live Price Formula any reductions in efficiency adjustment in the new Ontario COPF will flow entirely to the BC Broiler grower”. Further you state that “As the ON COPF is revised, and the efficiency factors are reduced, it is imperative that the BCCMB take steps to address the competitive position of the BC Processors who have been funding the ON COPF efficiency factors for the BC Broiler growers.”

The Chicken Board at its March 10, 2021 board meeting deferred the decision on the request to its March 30, 2021 Board meeting on the basis that there was no substantive or definitive information on the impact of the changes to the COPF for A-169. In meetings with the PPPABC, a request was made for the Chicken Board to convene a meeting of the stakeholders to discuss this matter. The Chicken Board advised that such a meeting would not yield much discussion until such time that the details of the Ontario A-169 Farm Gate Minimum Live price was made available.

At the March 30, 2021 meeting, the Chicken Board agreed to convene the Pricing and Production Advisory Committee (PPAC) once the specific details of the Ontario Farm Gate Minimum Live Price for A-169 became available to discuss the PPPABC’s request and make a recommendation to the Chicken Board in time for consideration for the A-169 pricing decision on April 9, 2021. That PPAC meeting occurred on April 9, 2021.



All stakeholders should be aware of the Review Panel's order regarding any changes to the current pricing formula requiring the panel's prior approval. The Board has made its position clear at every meeting where the subject has been discussed; this was reiterated at the April 9, 2021 PPAC meeting.

Also reviewed at that meeting was the BCCMB General Orders, *Schedule 2 (PPAC)* and the steps for *Section 7 - Variation for Exceptional Circumstances* by which the Board may consider whether exceptional circumstances exist sufficient to justify departing from the pricing formula.

In your March 4, 2021 letter, it stated that "industry stakeholders have agreed from the outset that the current pricing pressures that exist within the BC industry have been driven by the efficiency adjustments that were introduced in the 2015 ON COPF and implemented in A-129. The ON COPF efficiency adjustments have resulted in the BCCMB introducing several pricing formulas that have allowed growers to sustain their returns (per kg) and required processors to absorb an increased live price differential relative to their counter parts in Central Canada". The current BC live price formula was a result of the evolution of the Board's June 20, 2016 (attached for reference) announcement that "as part of good governance and sound marketing policy" it had determined that it was "now time to review the current pricing formula which has been in place for over five years". While the Board of the day acknowledged that "pricing being increasingly fragmented between provinces as part of the impact of the new Ontario COPF, it was one of a long list of factors attributable to "a changing industry" requiring a review of the price formula. The initiation of the review also coincided with the expiration of the multi-period pricing agreement at the end of period A-139.

The Board made the decision to implement a new pricing formula (50% of the difference per kilogram for feed and chicks between BC and ON) for use beginning in A-144 (Shipments commencing June 11, 2017). At that time, the Board focused on what the two sides (growers and processors) could agree to and what was "fact based, and transparent, with information readily available." The formula was to be evaluated annually. On September 17, 2017, the Board outlined the Pricing Formula Review Process with the intent to incorporate any amendments to the pricing formula for period A-151 (July 8, 2019). The Board initiated the annual review. The amendment was to increase the percentage of the difference in the cost per kilogram of feed and chicks between BC and ON from 50% to 75%.



The formula recognized the need for BC chicken processors to be competitive with chicken processors in other parts of Canada and in particular Ontario as the largest chicken producing province; it recognizes the higher feed and chick costs of growers in BC; and encourages growers and processors to work together to minimize feed and chick cost differentials.

### **April 9, 2021 letter**

The Board reviewed and discussed the PPPABC's letter on April 9, 2021 prior to setting the live price for quota period A-169. The Board has set the price for quota period A-169 on a without prejudice basis, using the existing formula as per the direction of BCFIRB. Had the PPAC been able to provide a consensus position on an alternate method to set the A-169 live price, the Board may have been able to approach the BCFIRB Review Panel with a request for implementation of said consensus position. According to the minutes of the April 9, 2021 PPAC meeting, this did not occur.

The Board reviewed known pricing across Canada for A-169 at the time it set the BC live price. Provinces reacted in varying degrees to the increase in Ontario, either based on negotiation or by their own long-standing formulae. To the knowledge of the BCCMB, no Provincial Chicken Board adjusted their A-169 live prices in reaction to the elimination of the Ontario Feed Efficiency, Volume Adjustment, or Producer Efficiency Adjustment.

As to the claim respecting Alberta and Saskatchewan, changing their longstanding positions respecting modular loading and AI insurance recovery, it is the understanding of the BCCMB that these provinces' position has not changed; they continue using the Ontario posted and published live price and has been reflected as such since Ontario originally made the adjustments.

Processors in these provinces negotiate the price with the respective provincial boards, inclusion, or exclusion of the adjustments by other provinces is not a matter for the BCCMB. BC has chosen (or "adopted the PPPABC position") to not include the adjustments in the Ontario live price when setting BC's price and its decision has not been amended nor varied.

It was the consensus of the Pricing Working Group to remove one of the safeguards contained in the existing BC pricing formula -- the 6-period rolling average. The Board embodied that consensus and applied to FIRB to amend the current pricing structure. Had the rolling average been in effect for period A-169, the increase would have been \$0.0452 per kilogram less. (75% of the difference in feed and chick costs per kilogram would have been \$0.0697 instead of \$0.1114.



The upper and lower guardrails remained in place in the current BC formula. The differentials between the Ontario and BC live prices were set at a maximum of \$0.1249 and a minimum of \$0.0970. Since the removal of the 6-period rolling average (by consensus) in quota period A-160, the guardrails have been hit 6 times:

- A-163 (lower)
- A-165 (upper)
- A-166 (upper)
- A-167 (lower)
- A-168 (lower)
- A-169 (upper)

The Board will continue to work with industry partners in the development of a new long-term pricing formula with a target for implementation in Period A-170 which commences on June 6, 2021. It remains the goal of the BCCMB to strike a balance between a reasonable return to growers while maintaining BC processor competitiveness in the Canadian domestic chicken market.

Sincerely,

Harvey Sasaki  
Chair  
BRITISH COLUMBIA CHICKEN MARKETING BOARD

c.c. Wendy Holm, BCFIRB Liaison  
Jim Collins, Chair, BCBHEC  
Craig Evans, PPPABC