



April 18, 2021

VIA EMAIL

Mr. Harvey Sasaki
 Chair
 BC Chicken Marketing Board

Re: Implementation of BC Live Price Formula

Throughout the course of the Pricing Supervisory Review, we have been reviewing the BCCMB Pricing Orders in detail and it is the opinion of Primary Poultry Processors of BC (“PPPABC”) that the BC Chicken Marketing Board (“BCCMB”) has incorrectly calculated the BC Live Price for a number of cycles.

As an example, the BCCMB Pricing Order #151 used to set the live price for A-160 in Section 3 describes the Ontario Price calculation as follows:

Ontario Live Price (2.45- 2.65 weight category)	\$1.6040
Less: Modular Loading Recovery	\$0.0120
Less: AI Insurance	\$0.0020
Net ON Price	\$1.5900

The BCCMB Pricing Order #151 continues in section 3.b) to calculate the BC Live Price for the A-160 production cycle as follows:

Ontario Live Price (2.45-2.65 weight category)	\$1.5900
Plus Catching	\$0.0365
Plus 75% feed and chick differential	\$0.0704
BC Live Price	\$1.6970

Carrying to the next period, BCCMB Pricing Order #152 which set the price for the A-161 production cycle in Section 3 describes the Ontario Price calculation as follows:

Ontario Live Price (2.45- 2.65 weight category)	\$1.5800
Less: Modular Loading Recovery	\$0.0120
Less: AI Insurance	\$0.0020
Net ON Price	\$1.5660

The BCCMB Pricing Order #152 continues in section 3.c) to outline the approach used to calculate the BC Live Price for the A-161 production cycle as follows:

Ontario price	\$1.5800
Catching Cost	\$0.0365
Feed and Chick Differential	\$0.0771
Total	\$1.6940

In Pricing Order #152 for A-161 the Ontario Price that is used in the calculation is the Ontario posted price for the 2.45 – 2.65 weight category. It appears that the Ontario price has not been adjusted to account for Modular

Loading and AI insurance as described in Section 3 of the Pricing Bulletin. As a result, the BC Live Price that was implemented in A-161 was overstated by the amount of the Modular Loading Recovery and the AI Insurance levies (1.40 cents).

We have done a cursory review of the BC Pricing Orders over a number of periods and believe we have found several inconsistencies and errors in how the BC Live Price has been implemented. Given the potential seriousness of this situation, the PPPABC asks the BCCMB to attend to this matter immediately and provide a response back on this issue prior to proceeding with any further meetings. We would expect the BCCMB to confirm whether the BC Live Price has been implemented correctly and consistently across production cycles as outlined in your Pricing Orders. If the BCCMB confirms our contentions and in fact the Live Price formula has been applied incorrectly, then we expect the Board to quantify the impact of these the errors and outline the reparation plan for stakeholders.

If we are in fact correct in our assertions, it is our opinion that the BCCMB needs to consider the implications and consequences of implementing a new Pricing Formula with needless complexity, as there have now been many significant issues experienced with this formula. Given the irregularities we have found in the application of the current formula and its impact on industry stakeholders, this further confirms the need to adopt a pricing formula that is simply a fixed differential over Ontario. This type of formula would meet the review's policy objectives as it would be simple to administer and not be wrought with the issues and errors plaguing the current formula.

Sincerely,



Blair Shier
President
Primary Poultry Processors Association of BC

c. Bill Vanderspek – BCCMB
PPPABC Members
Craig Evans – PPPABC
Jim Collins – BCBHEC
Stephanie Nelson - BCBHEC
Wendy Holm – BCFIRB Liasion