



April 9, 2021

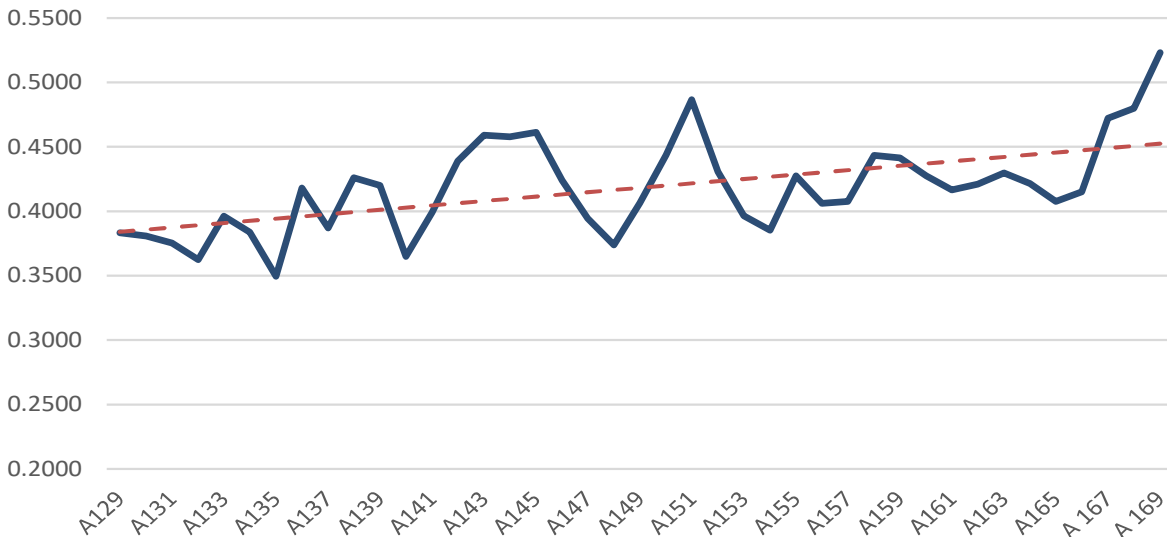
**VIA EMAIL**

Mr. Harvey Sasaki  
 Chair  
 BC Chicken Marketing Board

**Re: BC Live Bird Pricing for A-169**

The PPPABC is following up on our March 4, 2021 letter and the PPAC meeting held this morning to discuss the A-169 live price. We remain concerned that the changes to the ON COPF could not have been contemplated in the current BC Live Price formula and an interim price decision that considers all parties is required. If all the changes to the ON COPF flow through the formula, it will provide record returns to producers as shown below and potentially impact the supervisory review.

**BC Chicken Grower Margin  
 (After Feed Chick & Catching)**



There are two changes to the ON COPF impacting the BC Live Price that the BCCMB needs to consider in their pricing deliberations:

1. Annual Adjustments – It was anticipated that the annual adjustments in the approximate amount of 5 cents would be removed from the new ON COPF and as processors have been paying for these, it is expected that these adjustments would flow back to processors.
2. Feed Conversion Adjustment – It was not anticipated that adjustments, in the manner they have been made, would include the feed conversion calculation in the new ON COPF which is having a major impact on the BC Live Price formula. The Growers will receive a second unexpected margin increase as a result of this feed adjustment, which is strictly a calculation change in ON COPF and not a change in the price of feed.

These changes present windfall returns to growers and, despite what the growers say, impacts processor competitiveness as some portions of annual adjustments have been returned to processors in other Provinces. The price increases in the Prairie Provinces are as follows:

Ontario	Manitoba	Saskatchewan	Alberta	BC
11.1	9.448	10.6	10.6	13.79

It is also our understanding that Alberta and Saskatchewan have changed their long-standing positions and now include the \$0.012 modular loading and the \$0.0015 AI insurance costs in their live price. These changes will be contested by processors in those provinces.

We recommended in our March 4<sup>th</sup> letter and re-iterated at our March 24<sup>th</sup> meeting with the BCCMB the need for an interim A-169 pricing solution with all parties to address foreseeable changes to the ON annual adjustments. Unfortunately, the BCCMB did not act upon our request. The processors are now left in the unenviable position of potentially not receiving the annual adjustments they deserve and paying for an unforeseeable change to the ON COPF to the benefit of the growers.

Letting these adjustments simply flow through the BC Live Price to the growers sets a bad precedent and potentially biases the starting position of the ongoing supervisory review. At a minimum it will create the unintended consequence of disadvantaging the processors competitive position with ON while growers achieve record returns. However, it was very clear in the PPAC meeting that these “record returns” are now the basis on which growers will be negotiating the long-term pricing agreement.

We would request that the BCCMB not set a dangerous precedent and put in place an interim pricing solution for A-169 that is fair to all parties without jeopardizing the integrity of the supervisory review.

Sincerely,



Blair Shier  
President  
Primary Poultry Processors Association of BC

c. Bill Vanderspek – BCCMB  
Wendy Holm – BCFIRB Liaison