



January 3, 2025 - A-193 Update to BC FIRB on BC Chicken COP phase-in

BC Chicken Live Price Formula

On [October 30, 2023](#), the BC Chicken Board submitted a proposal for a new formula for determining the live price of chicken. This proposal was subsequently approved by the BC Farm Industry Review Board on [May 22, 2024](#). The newly adopted pricing formula is based on a cost of production (COP) model designed for the efficient grower. To ensure a smooth transition, the implementation of this new COP pricing model will be phased in over six production periods (48 weeks). This phased approach will gradually close the gap between the previous interim formula and the new COP model. The below information intends to show the components of the COP, the interim formula, and the 6-period transition until 100% of COP is reached in A-195.

Timeline

Period	Period Start Date	Phase in Status	Industry Communication
A-190	30-Jun-24	Phase in 1 at 16.67% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price June 27, 2024; Pricing order sent to PPAC & Industry June 28, 2024
A-191	25-Aug-24	Phase in 2 at 33.33% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price August 22, 2024; Pricing order sent to PPAC & Industry August 23, 2024
A-192	20-Oct-24	Phase in 3 at 50% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price October 17, 2024; Pricing order sent to PPAC & Industry October 18, 2024
A-193	15-Dec-24	Phase in 4 at 66.67% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price December 12, 2024; Pricing order sent to PPAC & Industry December 13, 2024
A-194	9-Feb-25	Phase in 5 at 83.33% of difference between Interim Pricing Formula and New BC COP formula	Board reviews and sets price February 6, 2025; Pricing order sent to PPAC & Industry February 7, 2025
A-195	6-Apr-25	Phase in 6 at 100% of New BC COP formula	Board reviews and sets price date TBD; Pricing order sent to PPAC & Industry by April 4, 2025



1. The new Formula for the COP is as follows:

$$(a) \text{ Operating Costs} + (b) \text{ Labour} + (c) \text{ Capital Costs} = \text{COP}$$

The COP below has been used to establish the minimum live price for period A-192, prior to the phase in process.

“NEW” BC COP Formula

BC Broiler COP - \$ per Kg	A189	A190	A191	A192	A193	A194	A195
A) Operating Costs							
Chicks	0.4709	0.4670	0.4696	0.4779	0.4922		
Day-old Chick Cost	0.4545	0.4506	0.4532	0.4615	0.4759		
Vaccine Cost	0.0163	0.0163	0.0163	0.0163	0.0163		
Feed	1.1510	1.1105	1.1047	1.0941	1.0913		
Utilities	0.0788	0.0835	0.0779	0.0769	0.0752		
Vehicle & Equipment Operation (Fuel & Oil)	0.0092	0.0092	0.0093	0.0093	0.0093		
Repairs & Maintenance	0.0476	0.0484	0.0489	0.0489	0.0489		
Bedding	0.0225	0.0226	0.0229	0.0228	0.0228		
Administrative & Office Costs	0.0127	0.0128	0.0129	0.0129	0.0129		
Insurance	0.0179	0.0180	0.0182	0.0182	0.0182		
Other Custom Costs	0.0061	0.0062	0.0062	0.0062	0.0062		
Custom Catching	0.0485	0.0485	0.0485	0.0500	0.0500		
Cleaning/Washing	0.0095	0.0096	0.0097	0.0097	0.0097		
Board Levy	0.0206	0.0206	0.0206	0.0206	0.0206		
MD Lease Costs	0.0016	0.0016	0.0016	0.0016	0.0016		
Operating Costs (With Levies & With MD Lease Costs)	1.8969	1.8584	1.8510	1.8491	1.8590		
B) Labour							
General Labour	0.0835	0.0839	0.0845	0.0856	0.0859		
Management	0.0495	0.0498	0.0514	0.0521	0.0522		
Labour Costs	0.1329	0.1337	0.1359	0.1377	0.1381		
C) Capital Costs							
Depreciation & Amortization	0.1068	0.1084	0.1096	0.1096	0.1096		
Depreciation - Barns & Associated Equipment	0.0823	0.0835	0.0844	0.0844	0.0844		
Depreciation - Other	0.0245	0.0249	0.0252	0.0252	0.0252		
Investment Cost	0.2035	0.2066	0.2113	0.2099	0.2098		
Investment Cost - Land	0.0051	0.0051	0.0051	0.0050	0.0050		
Investment Cost - Barns & Associated Equipment	0.1682	0.1707	0.1755	0.1747	0.1746		
Investment Cost - Other	0.0302	0.0307	0.0307	0.0302	0.0302		
Operating Interest	0.0265	0.0251	0.0241	0.0231	0.0000		
Taxes	0.0061	0.0061	0.0062	0.0062	0.0062		
Capital Costs	0.3429	0.3461	0.3512	0.3488	0.3255		
Total Cost of Production	2.3727	2.3382	2.3380	2.3355	2.3226		

Some important highlights of A-193 pricing changes:

- In the previous period (A-192) the catching cost was increased from \$0.0485/kg to \$0.0500/kg (an increase of \$0.0015/kg). This necessitated a change to the guardrails in the previous ‘interim formula’.
- Drop in Feed Cost represent a decrease of \$0.0597/kg since A-189.
- Labour cost has increased \$0.0052/kg since A-189
- An error was realised after the A-193 Pricing Order was released where Operating Interest was set at \$0.00 instead of \$0.0215 in the BC COP. Due to the phase in, this represents \$0.0143/kg that was not captured in the A-193 Live price and will be added onto the A-194 Live price. The deliberation and final resolution to add this cost to the A-194 Live Price rather than A-193 was done after receiving and consulting with the PPPABC.
- The Commission did not further increase the hatchery margin in A-193.



2. The table below will illustrate the phased-in process identified in the May 22, 2024, BCFIRB decision.

Phase in Periods	Reference	1	2	3	4	5	6
Period	A-189	A-190	A-191	A-192	A-193	A-194	A-195
COP based live price formula - includes catching	\$2.3727	\$2.3382	\$2.3380	\$2.3355	\$2.3226		
Previous Interim Formula - includes catching (par)	\$2.1704	\$2.1678	\$2.1805	\$2.1722	\$2.1636		
Net Change to Formula Price	\$0.2023	\$0.1704	\$0.1575	\$0.1633	\$0.1590		
Phase in % of difference	0.00%	16.67%	33.33%	50.00%	66.67%	83.33%	100.00%
\$/kg phased in	\$0.0000	\$0.0284	\$0.0525	\$0.0817	\$0.1060		
Final Posted Live Price (includes catching)	\$2.1704	\$2.1962	\$2.2330	\$2.2539	\$2.2696		
CHANGE FROM PREVIOUS PERIOD	-\$0.0369	\$0.0258	\$0.0368	\$0.0208	\$0.0157		

3. Previous “Interim” Pricing formula:

Below is the “old” 75% formula (including all FIRB ordered amendments) which will be used for the BCFIRB ordered graduated implementation for periods A-190 to A-195 inclusive:

- The Ontario live price at their 2.15 – 2.45 kilogram weight category, **Plus**,
- The current BC catching cost of \$0.0500 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 13.84 cents/kg and the lower guardrail at 11.05 cents/kg due to the increase in the catching costs).



The numbers indicated by the formula to calculate the A-193 minimum live price using the old interim pricing methodology:

Ontario price (2.15 - 2.45 category)	\$1.9810	
Minus CFO modular loading recovery	\$0.0050	
Minus CFO AI Insurance recovery	\$0.0015	
Minus OBHECC chick levy	\$0.0006	
Net Ontario Price (2.15 - 2.45 category)	\$1.97389	= A
Plus BC catching price	\$0.0500	
Plus 75% feed and chick differential	\$0.2630	
Total differential over Ontario	\$0.3130	
BCCMB Pricing Formula - Upper Guardrail value of	\$0.1384	
Total differential over Ontario	\$0.3130	
Total differential over Ontario GREATER THAN Upper Guardrail - use Upper Guardrail	\$0.1384	= B
Differential over upper guardrail = (Total differential over Ontario - Upper Guardrail)	\$0.1746	
A-193 Floating Guardrail Mechanism Triggered (Yes or No)	Yes	
Ontario Producer Margin Period A-180	\$0.6384	
Ontario Producer Margin Period A-193	\$0.7104	
Change to Ontario's Producer Margin (If Positive used in Formula)	\$0.0720	
BCFIRB December 13, 2022 Prior Approval A-180 Interim Pricing Formula: = (Differential over upper guardrail minus change in Ont producer Margin)	\$0.10256	
Plus 50% of Differential over Upper Guardrail =	\$0.05128	= C

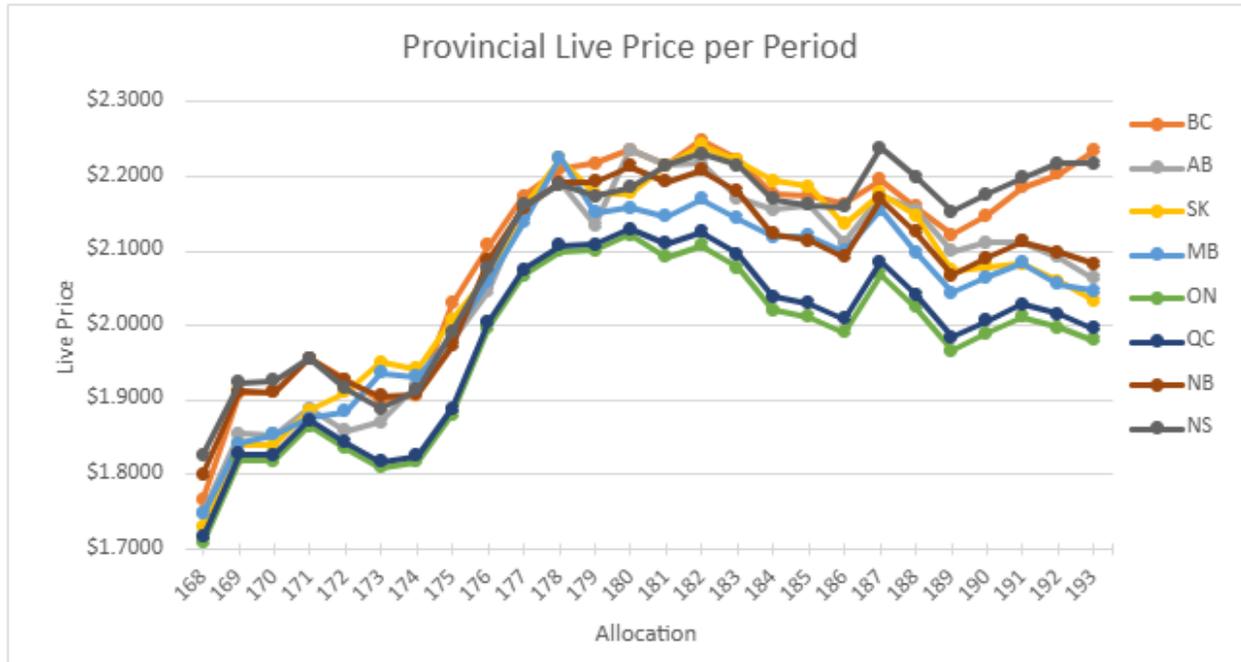
$$\text{A-193 BC Posted Price} = \$1.9739 + \$0.1384 + \$0.0513 = \$2.1636$$

A B C

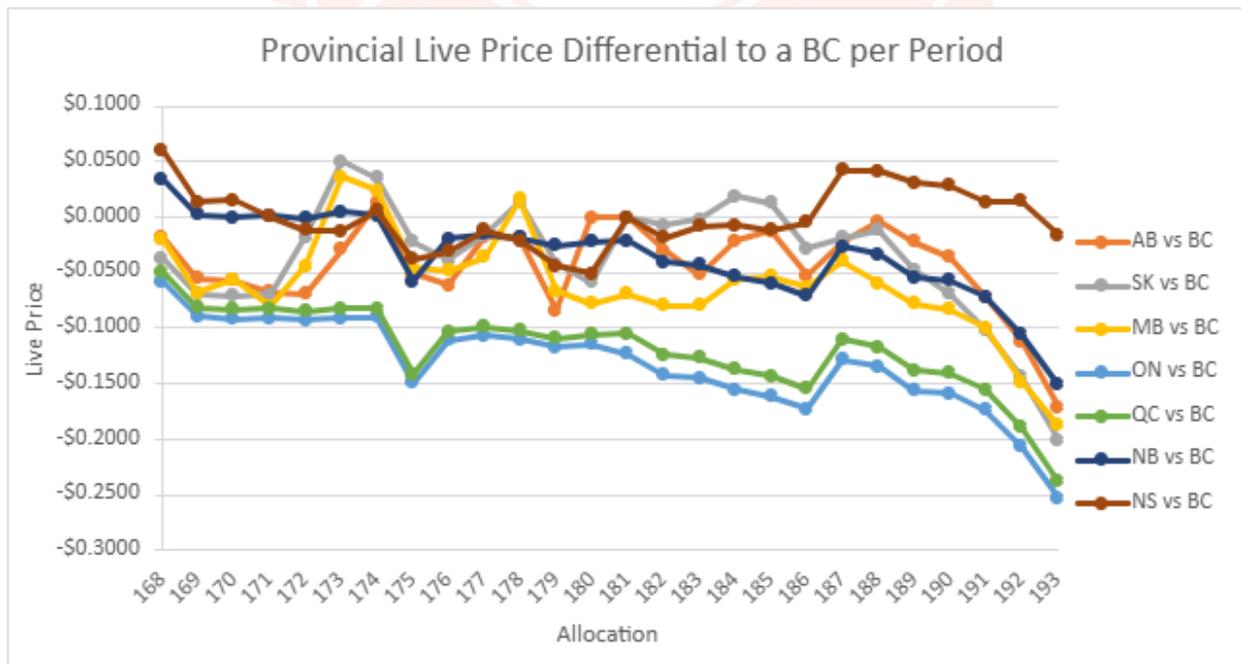


Provincial farmgate Chicken live price comparison across Canada

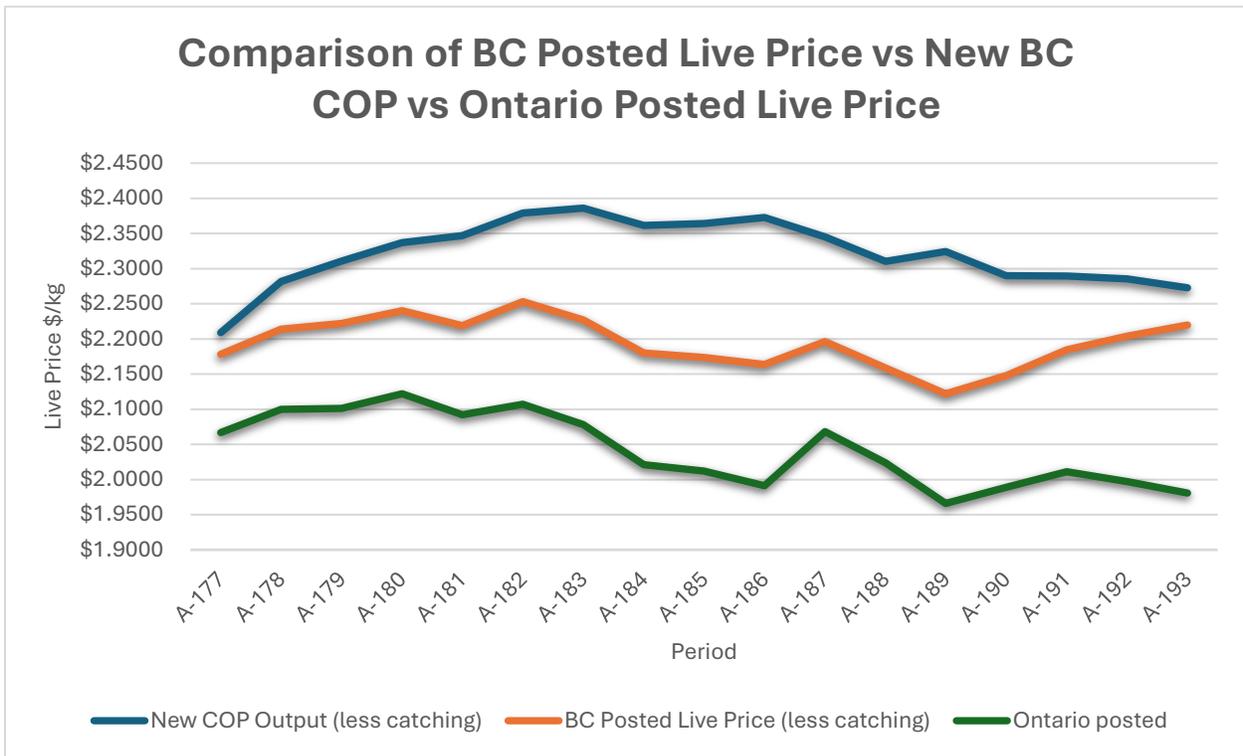
The below graphs will compare the posted live prices across Canada as they compare to BC. The graphs below reflect the posted pricing order and do not consider the \$0.0143/kg that will be captured in A-194.



The above graph shows the provincial live prices across Canada (less catching) from the last 25 periods (A-168 to A-193).

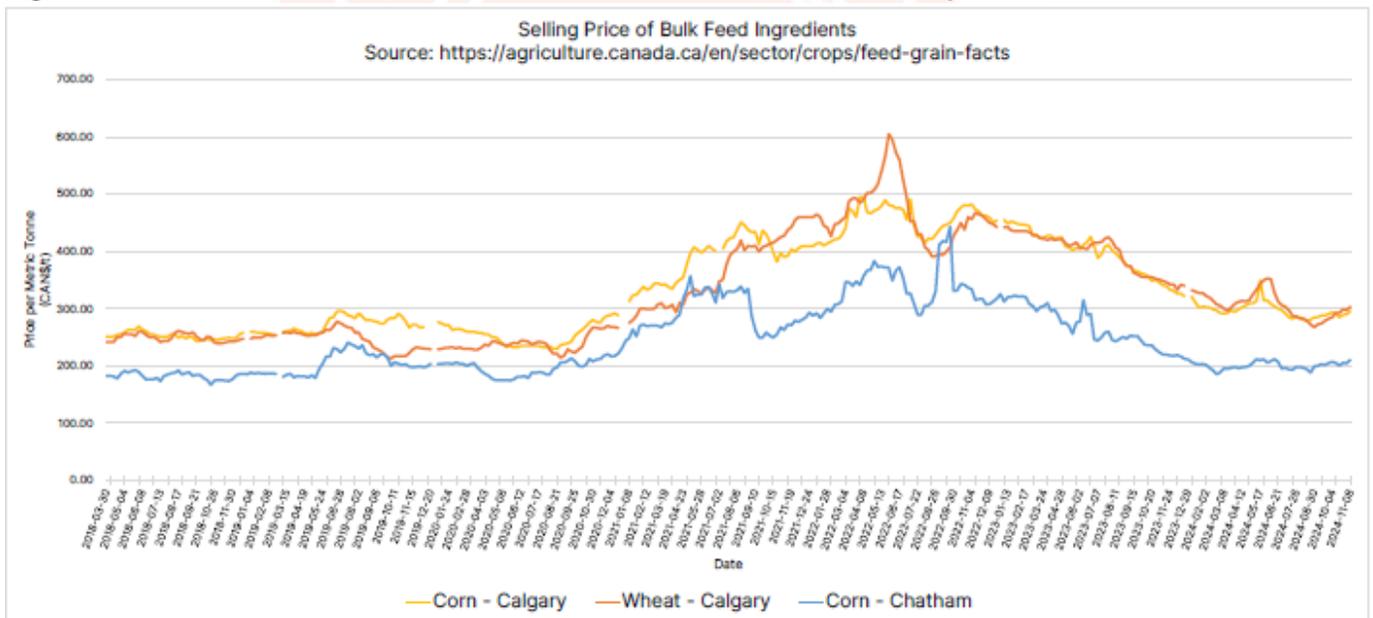


The above graph shows the differential in live price (less catching) with each province versus BC where \$0.00 would be an equal live price to BC.



The above graph shows the comparison between the new COP live price (effective A-195), the actual posted price in BC (COP phase in begins in A-190), and the posted price in Ontario. Of note, in A-187 Chicken Farmers of Ontario updated their COP through a negotiated agreement.

Figure I – Feed Corn & Wheat, Central Canada vs. Western Canada Comparison



The above graph shows the changes in feed corn and wheat, comparing Calgary, Alberta to Chatham, Ontario. While not a direct correlation to the landed feed cost on BC farms, it does help



us see the change in historical trends to a wider gap between the landed feed costs, as well as the more recent trend of decreasing feed costs.

Other progress & Updates

Status of JWG & Ongoing Consultation

The Board emphasizes the importance of direct engagement with key stakeholders via the Joint Working Group (JWG) to address issues related to pricing and implementation. The JWG serves as a platform for stakeholders to discuss the impact of COP on their businesses and provide data for recommendations to the Board. The next JWG meeting is scheduled for January 7, 2025 to discuss the draft results of the Feed Conversion Rate (FCR) survey that was done this Fall. The JWG will discuss the survey, results, and provide any recommendations to the Board.

Although the PPPABC has expressed they will not be attending the JWG, the PPPABC and the BCCMB are meeting separately later in the day on January 7, 2025 for further discussions on FCR and Removal of Catching from the Live price.

Annual Updates & Continuous Improvements

The Board aims to update FCR, volume, and mortality figures in Q1 2025 but the precise period of implementation is not yet confirmed. Initial draft results of the FCR survey have been provided to the JWG committee, however the year end volume figures have not yet been compiled.

Allocation & Supply

The “Discrete Supply to Ontario Agreement”, as well as the “Atlantic Canada Safeguard Agreement” ended in A-192, although some kilograms were still carried over into A-193 to finish and conclude those agreements. These kilograms now form part of BC allocation moving forward.

As previously reported, the Board was informed on August 6, 2024, that the PPPABC would no longer participate in consultation for national allocations with the BC Board. Despite this, the Chicken Board has continued to reach out, offering opportunities for input on all allocation periods through virtual or in-person meetings, written communication, and data sharing. The PPPABC has had limited response and has not shared any further data. Processors are no longer engaging in allocation discussions with Alberta and Saskatchewan as well. The Board remains open to exchanging data to support informed decision-making and intend to continue to share our analysis and allocation submissions.

The Board fulsomely scrutinizes the allocation materials provided by CPEP Primary Processors, Further Processors, as well as Restaurants Canada for transparent and verifiable data to indicate trends in Canadian chicken demand.

We reinforce that the setting of National allocation at the CFC table is not the appropriate forum for discussions and debates regarding the BC live price.

Catching Costs & Removal of Catching form the Live Price

On December 13, 2024 the Board wrote to the BC FIRB to hold the decision on Removal Of Catching from the Live Price in Abeyance until further notice. The Board is meeting with members



of the PPPABC on January 7, 2025. Following that meeting, the BC FIRB agreed to hold the decision in abeyance until January 10, 2025. The Board will respond back to BC FIRB whether our request for prior approval continues, is amended, or is retracted prior to BC FIRBs deadline.

The next update will follow after posting of the A-194 BC Live Price, and will represent a phase in of 83.33% between the previous interim formula and the new BC COP, before reaching 100% of the phase in for A-195.

