



## **British Columbia Chicken Marketing Board Update for June 2010**

### **1. A-100 Allocation.**

The national allocation for period A-100 was set by the CFC Board of Directors in Ottawa on June 2, 2010 at 2.0% over base or a total of **214,168,112 kilograms live weight**.

BC's share of the allocation is:

Domestic	29,531,961 kilograms live weight
Market Development	2,035,000 kilograms live weight
<b>Total</b>	<b>31,566,960 kilograms live weight</b>

Allotments to growers for this period are:

Domestic	<b>96.44%</b> pro rata
Market Development	<b>38.66%</b> of requests

The A-100 MD lease price has been set at \$0.28 per kilogram, no change from the previous period.

### **2. A-98 Pricing.**

The live price for period A-98 (marketing's from May 23 to July 17, 2010) has been set by the BCCMB at **\$1.4273** per kilogram live weight.

This price represents a **decrease** from period A-97 of **\$.0229** per kilogram and is \$0.0593 over the Ontario posted price for the period.

In the absence of an agreement by the PPAC the BCCMB used the same methodology for setting the A-98 live price that has been used since period A-90.

**BRITISH COLUMBIA CHICKEN MARKETING BOARD**

Calculations done by Serecon to establish the price linkage between live chicken and hatching eggs for A-98 have produced the following numbers:

	<u>Price</u>	<u>Change from A-96</u>
Live chicken	\$1.4273 per kg	Down \$0.0229 per kg
Hatching eggs	\$4.6789 per dozen	Down \$0.0544 per dozen
Day old chicks	\$0.6568 per chick	Down \$0.0057 per chick

Cost recovery parity between the BCCMB and BCBHEC for A-98 is achieved at **99.46%** at these prices.

### **3. A-98 Specialty Pricing.**

On May 11, 2010 the member of the Specialty Production Advisory Committee met to discuss the issue of the pricing of Taiwanese Chicken (TC) for period A-98. The committee members were in receipt of the updated cost of production information that had been prepared by Serecon Consulting Ltd.

The SMAC made a number of recommendations to the Board which resulted in the Board setting the minimum live price for TC chicken for periods A-98 and A-99 as follows:

<u>Age of Taiwanese Chicken</u>	<u>Price per kilogram live weight</u>
Up to 82 days of age	\$2.46
83 to 110 days of age	\$2.64
Over 111 days of age	\$2.70

Further, there will be an additional price paid to a grower by the processor if a grower's chick price (including ILT vaccination) is above the price of \$1.17/chick.

There was no change to the Organic price. It remains at \$3.43 per kilogram live weight.

### **4. Current market conditions.** (With thanks to CFC Chicken Fax)

- Up to March 31, 2010 **284.3 Mkg** of fresh chicken was available for the Canadian market, **2.0% less** than during the same period in 2009.
- Year-to-date production has reached **250.1 Mkg, 0.8% or 1.9 Mkg less** than during the same period in 2009.
- Year-to-date imports have reached **34.2 Mkg, 10.4% or 4.0 Mkg lower** than last year.

- Frozen chicken inventories on April 1, 2010 were **35.5 Mkg, 0.1 Mkg lower** than the previous month and **1.9 Mkg lower** than on April 1, 2009.
- Production in February and March of this year was **2.5 Mkg higher** and **3.2 Mkg lower**, respectively, compared to the same months in the previous year.
- Imports (as reported by AAFC) were **9.9 Mkg in February** and **12.3 Mkg in March, 1.5 Mkg and 1.2 Mkg lower** respectively than in the same months of the previous year.
- Producer prices in period **A-97 are 3.0 cents lower** than those of period A-96 in most provinces. On average, the Canadian live price in **A-97 is 5.3 cents lower** than in the corresponding weeks of the previous year.
- **Canadian Wholesale Chicken Prices. (cents/kg)**

<u>Product</u>	<u>Mar. 10</u>	<u>Mar. 09</u>	<u>Change</u>
Market composite	324.6	316.6	2.50%
Whole bird complex	324.1	319.5	1.40%
Breast complex	471.3	450.0	4.70%
Wing complex	485.7	473.8	2.50%
Leg complex	261.2	244.5	6.80%

## 5. Appeals Update.

### South Alder Holdings Ltd:

South Alder Holdings Ltd has appealed a decision of the Board to deny its request for relief of A-89 under produced allotment beyond the 6% tolerance.

The appeal was heard on **April 20, 2010** at the Ramada Inn in Abbotsford. The FIRB decision was rendered **June 9, 2010**. FIRB denied the appeal, finding that the Chicken Board did not err when it decided on May 27, 2009 to deny South Alder's request to re-grow 24,618 kg of production lost in period A-89, in a later period.

### Pricing Appeals

All pricing appeals have been adjourned pending the outcome of the BCFIRB Supervisory Hearing.

The appeals filed with respect to BCCMB pricing orders are as follows:

- A-90 – by PPPABC
- A-91 – by PPPABC
- A-92 – by BCCGA

A-93 – by PPPABC & BCCGA  
A-94 – by BCCGA & PPPABC  
A-95 – by BCCGA & PPPABC  
A-96 – by PPPABC & BCCGA  
A-97 - by PPPABC & BCCGA  
A-98 -- by PPPABC & BCCGA

The PPPABC have indicated they are no longer willing to defer the A-98 pricing appeal until the FIRB Supervisory Decision is made known. Further, they seek an opportunity to make submissions on the appropriateness of continuing the deferral of the previous pricing appeals. A prehearing conference has been tentatively scheduled for June 18, 2010.

#### Jayne Rossworn, MGR Farms Ltd.

Jayne Rossworn, an applicant in the BCCMB's New Entrant Grower program in the Interior Region appealed the January 6, 2010 decision of the BCCMB denying a further extension to meet the requirements of the program. A pre-hearing conference call was held on February 15, 2010. A second pre-hearing conference call was held on March 29, 2010. The appeal was scheduled to be heard on May 26, 2010 at the Ramada Inn in Abbotsford, but was again adjourned pending decision of the BCCMB deliberations respecting another proposed business plan by Jayne Rossworn. If the plan is not acceptable to the BCCMB, the BCCMB summary dismissal will be reinstated and/or a new PHC will occur.

#### Specialty pricing appeal.

Skye Hi Farms, a specialty quota holder, has appealed the Board's TC 003 pricing order for period A-97 dated March 24, 2010. A pre-hearing conference call was held on May 6, 2010 and the appeal is scheduled to be heard on July 8, 2010. The appeal was withdrawn on May 25, 2010.

### **6. ILT Update:**

From March 17 to June 1, 2010 there have been a total of 13 confirmed cases of ILT in the Fraser Valley, primarily in the east Chilliwack area.

- 6 broiler chicken flocks
- 5 layer flocks (3 pullet and 1 in lay flock)
- 2 Taiwanese chicken flocks.

## **7. Broiler Cost of Production Update. REMINDER.**

The Board has signed a contract with Serecon Consulting to perform a full update on the broiler COP model that is used to calculate the linkage between the live price of BC grown chicken and the hatching egg price each period.

It is anticipated that the grower survey process will begin in June and the work should be complete late in the summer. This update is being done in conjunction with a full update on the hatching egg COP that has been commissioned by the BC Broiler Hatching Egg Commission.

If you are contacted by Bob Burden or another member of the Serecon staff, the Board would request that you provide your full cooperation.

Should you have any questions regarding this process, please call Bill Vanderspek at the Board office.

## **8. Poultry Health Technical Bulletin. ILT Vaccines for Chickens.**

The following information was circulated on May 18, 2010 to all BC growers and is reprinted with the permission of the BC Ministry of Agriculture and Lands. Our thanks to Dr. Bill Cox for his ongoing assistance in our fight against ILT in the Fraser Valley.

*Vaccination is a major tool for the prevention and control of many diseases in humans and animals. Several vaccinations are routinely given to chickens, and especially to breeder birds and egg layers. One vaccine that is important to the poultry industry, especially in the densely populated Fraser Valley, is that used to prevent Infectious Laryngotracheitis (ILT). Vaccination against ILT is very tricky and comes with a set of advantages and disadvantages. This causes much confusion among producers about the best strategy to follow. It is important to follow the advice of your veterinarian for any vaccination program, but this is particularly so for ILT vaccination.*

*There are three main types of ILT vaccines, Chick Embryo Origin (CEO), Tissue Culture Origin (TCO), and Vectored (or recombinant). The following paragraphs briefly describe the 3 vaccine types and explain a bit about the pros and cons of each.*

### Chick Embryo Origin Vaccine

*Chick Embryo Origin vaccine (CEO vaccine) is made by harvesting virus that is grown in fertilized chicken eggs. The vaccine is properly given by eye drop, but has also been given through the water and by coarse spray. Once introduced into the bird, the vaccine virus creates a mild infection, causing the release of new virus particles. The "infection" stimulates the bird's immunity and gives good long-term protection. The CEO vaccine virus readily spreads from bird to bird and, as it does, gains virulence, or ability to cause disease. The eye drop method of administration gives the best coverage and the risk of side effects is minimized. Other methods, including water delivery or spray, on the other hand, can vaccinate birds variably, initially creating a mixed population of vaccinated*

*and unvaccinated, susceptible birds. As the more virulent vaccine virus is shed from the vaccinated birds, it is picked up by the susceptible birds. This can cause actual clinical disease in some birds and is often referred to as a “vaccination reaction”. The outcome of such an event is the shedding of a significant amount of virulent virus into the environment. Even successfully vaccinated birds will shed virus for a few days, which can be a risk to other flocks of susceptible birds.*

### Tissue Culture Vaccine

*Tissue Culture Origin Vaccine (TCO) is grown in chicken cells maintained in an artificial medium. The mechanism for stimulating immunity is similar to that of the CEO vaccine, but the infection is not nearly as severe. Flocks vaccinated with this type of vaccine shed very little virus and that which is shed is not pathogenic and will not spread well to unprotected birds. The only way that TCO vaccine should be given is by eye drop, which is very labour intensive. Water or spray administration has not been demonstrated to be highly effective. The very mild infection stimulated by this vaccine does provide protection, but it is not as solid as that provided by CEO vaccine. Both TCO and CEO vaccines have a 21 day withdrawal period and cannot be given to young birds, making them unsuitable for broiler chickens.*

### Vectored Vaccines

*A new type of ILT vaccine, known as a vectored or recombinant vaccine, has been used in other parts of the world, including the U.S., for two or more years. To make this vaccine, a non-ILT virus, in this case Turkey Herpes virus (HVT), which is used to vaccinate chickens against Marek’s disease, is used as a carrier for specific genes from the ILT virus. The vectored vaccine is injected either into the egg or into the newly-hatched chick at the hatchery. The HVT virus replicates in the chick, replicating with it the ILT genes that have been inserted and causing production of the proteins that stimulate immunity. The actual whole ILT virus is not used at all in this vaccine, so, there is no illness and no spread of ILT virus through the flock or into the environment. The vaccine is administered along with Marek’s vaccination at the hatchery, so is very easy to give. During the ILT outbreak of 2009, poultry veterinarians and industry requested emergency permits to use the vectored vaccine as one tool to help gain control of the disease. CFIA granted the requests and allowed the importation of the vaccine under a special emergency permit. The vaccination strategy appears to have been successful as no vaccinated flocks were reported with ILT, and the outbreak came to a conclusion in October. This is a new vaccine, so its long-term effectiveness in our environment will be determined over time. Where it has been used in similar situations in the US, control of ILT has been good. We expect to see the same effect here.*

## **9. Inspector’s Corner:**

### Animal Care Program

Although the program is not mandatory this year, a number of farms have taken the opportunity to become certified under this program during their annual 2010 audit. Most farms are already doing what is necessary and can easily achieve this certification by

simply documenting some further daily tasks on the new blue barn sheet. The Board encourages all growers to undertake this process that was developed to demonstrate the level of care on farm given to Canadian chicken. Inspection staff will further discuss this procedure with you at the time of your annual audit. For those farms that have already been audited, it is just a matter of setting another audit date. Please contact inspection staff for further information.

Currently four farms are already certified, with two more farms awaiting signatures and processing.

***All growers should now be in receipt of the new 2009 Animal Care Manual as well as the 2009 OFFSAP Manual. These have been distributed by Inspection staff. Please contact them if you have not received your copies.***

#### **10. BCFIRB Supervisory Decision (Summary):**

The BCFIRB Supervisory decision was rendered June 9, 2010. A copy has been posted on the BCCMB website, and e-mailed, faxed or sent via Canada Post to all growers.

##### Transition Period:

It should be noted that there is a transitional period. The current manner of setting price, assurance of supply, and Market Development remain in place for up to 3 months (until September 15, 2010) by which time the BCCMB is directed to either have implemented any necessary changes to the General Orders or prepared and published its transitional plan for implementation of the changes.

##### Pricing Formula:

The new pricing model to be implemented will be using a weighted average of Ontario and Prairie production plus a fixed differential as follows:

- Determine a weighting for each province based on the total CFC base allocation set for Alberta, Saskatchewan, Manitoba and Ontario for each 6 period block;
- Apply weighting to the live price set in each of Alberta, Saskatchewan, Manitoba and Ontario for the current period to determine a weighted average live price base for BC;
- Add a differential of 4.35 cents to the weighted average live price base to determine the final live price in the current period.

The new pricing model is to be incorporated into the General Orders. The price may only be varied if there is a finding of exceptional circumstances in accordance with section 7 of Schedule 3 of the General Orders.

### Assurance of Supply:

FIRB has accepted the Board's recommendation to move to an open contracting system. Part 7 and 8 of the General Orders are to be repealed. In its place a new open contracting system is to be implemented.

The Board is ordered to ensure the adequacy of the 13-week notice of termination period is monitored on an ongoing basis. This means the two cycle notice for growers to change processors is to be followed as per the General Orders.

The Board is ordered to ensure the adequacy of the 2% cap below which market share is protected is also monitored on an ongoing basis. Assurance of supply has been preserved for small processors processing below 2% of the domestic allocation. In appropriate circumstances, the Chicken Board could direct product to such processors to maintain sufficient processing levels.

### Market Development Program (MDP):

FIRB has accepted the recommendations of the BCCMB regarding the MDP program. Processors will set the price and collect lease fees from participating growers, the funds for leasing will no longer pass through the Chicken Board and it will not advertize the lease price. Processors will be able to use the MDP in a manner that best fits within their business models to optimize their financial returns within the current regulatory framework.

### Catching Costs:

This matter has been referred back to the PPAC to consider in light of the Alberta model and to develop appropriate catching standards and pricing structures for the approval of the chicken board. This is due no later than December 1, 2010.

REMINDER: The new bcchicken.ca website is now up and running. If you require a user name to access the growers only side of the site, please contact Katie Lowe at 604-859-2868 or by e-mail at [katielowe@bcchicken.ca](mailto:katielowe@bcchicken.ca)

*The British Columbia Chicken Marketing Board monthly update is published by BCCMB staff and forwarded by e-mail and fax to all growers and a number of industry stakeholders on our contact list. Should you have any questions or suggestions regarding the content of any monthly update, please contact me directly at:*

Phone 604-859-2868 or E-mail [billvanderspek@bcchicken.ca](mailto:billvanderspek@bcchicken.ca)

Bill Vanderspek  
General Manager

British Columbia Chicken Marketing Board

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