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## Live Price Increasing in A-106 (August 14 – October 8)

The minimum live price in Ontario is set to go up by \$0.073 per kilogram to \$1.690 per kilogram. Farmers will be receiving \$1.6706 per kilogram after the deduction of the provincial and federal licence fees and temporary service charge.

All components of the live price (feed, chick and producer margin) are increasing.

### Feed Prices Impacting Feed and Chick Components

The feed prices during the period of May 23, 2011 to July 11, 2011 averaged \$412.76 per tonne, resulting in an increase in the live price due to feed of \$0.0458 per kilogram. Higher feed costs as well as other factors increased the chick component to 71.08 cents/chick, resulting in an increase in the live price due to chicks of \$0.0056 per kilogram. Please visit CFO On-line and link to Live Price Up-Date

for full details on feed and chick prices.

### Producer Margin Component Includes an Increase in the Licence Fee

The producer margin component for the A-106 to A-111 quota periods is increasing by \$0.0215 per kilogram. Of the total increase, \$0.020 resulted from the annual indexing of cost components in the producer margin.

The \$0.0015 is due to the increase in the producer licence fee. As part of the fulfillment of CFO's Strategic Plan 2012 and in connection with the development of the 2011-2012 budget, the Board conducted a very detailed review of revenues and expenses. The Board determined it was necessary to implement an increase in the licence fee beginning in Quota Period A-106 in order to responsibly fund and maintain the operations of CFO

at a level that enables the organization to comprehensively discharge its mandate.

With the increase, the provincial licence fee is now \$0.0140 per kilogram. The federal licence fee paid to Chicken Farmers of Canada remains at the current level of \$0.0044 per kilogram making the total licence fees at \$0.0184 per kilogram. The licence fee increase has been incorporated in the live price through a corresponding increase in the producer margin component.

The last time the CFO Board instituted an increase in the licence fee was for quota period A-63 in early 2005. Moving forward, the CFO Board will review the licence fee on an annual basis in conjunction with the operating budget. This reflects best practices and fiscal prudence.

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## New Temporary Service Charge

The Chicken Industry Advisory Committee (CIAC) - which is comprised of representatives from Chicken Farmers of Ontario (CFO), the Association of Ontario Chicken Processors (AOCP) and the Ontario Farm Products Marketing Commission (OFPMC) - is working collaboratively to advance strategies and manage issues relevant to the Ontario chicken industry which will enable farmers

and processors to profitably grow their businesses in a socially responsible manner. In support of this objective, CIAC is investing in the development and implementation of the Ontario Industry Strategic Plan 2013, an initiative that is being jointly funded by CFO and processors.

The primary processors' share of the funding of this important initiative will be collected through a temporary service charge of

\$0.001 per kilogram added to the live price. The service charge and the licence fee will be collected by processors and both deducted from the minimum live price paid to Ontario chicken farmers. Please visit CFO On-line and link to Live Price Up-Date for full details.

If you have any questions please contact James Corpuz, Business and Policy Analyst at 289-288-4202 or [james.corpuz@ontariochicken.ca](mailto:james.corpuz@ontariochicken.ca).

## Update: Payment Terms of Overproduction Levies

Please note that beginning in A-105, the payment period for overproduction levies has been reduced to 21 days from 30 days.

Also, the charge for late payment of levies has been increased to 10% from 5% beginning in A-105. If you have any questions, please contact Frank Fortuna at 289-288-4245 or [frank.fortuna@ontariochicken.ca](mailto:frank.fortuna@ontariochicken.ca).