



Chicken Farmers of Ontario

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Notice to Producers

1. A-76 and A-77 Ontario Live Price for Chicken Retroactive Pricing Adjustments

2. Establishment of A-78 Ontario Live Price for Chicken

1. A-76 and A-77 Ontario Live Price for Chicken Pricing Adjustments

The Ontario Licensed Processors and the CFO took part in an A-76 to A-81 pricing arbitration in front of Mr. Paul Jacobs, an arbitrator appointed by the Ontario Farm Products Marketing Commission, in the last week of February 2007. Mr. Jacobs released his decision in favour of CFO in March, and presented the Commission with his reasons for decision towards the end of March.

As a result, the producer margin component of the Ontario Live Price for Chicken increased 1.25 cents for the A-76 to A-81 quota periods.

According to Regulation 402 of the Ontario Farm Products Marketing Commission, the Ontario Live Price for Chicken is calculated as follows:

$$\text{Live Price} = \text{Feed Cost} + \text{Chick Cost} + \text{Producer Margin}$$

The Interim Live Price established by the Commission for A-76 and A-77 included the appropriate adjustments for each period's feed and chick costs. (Feed and chick costs are calculated based on a formula that has been agreed to by CFO and the Ontario licensed processors). Consequently, the only adjustment that needs to be made to establish a Final Live Price for these periods is the adjustment to the producer margin component. This change is the result of the arbitrator's decision.

In order for this to occur, the Ontario Farm Products Marketing Commission must establish a Final Ontario Live Price for Chicken for these two periods, replacing the Interim Price that was used to pay producers during these two periods. The Commission is currently in the process of doing so.

Once this has been done, Ontario processors will calculate the adjustments required to payments that they have made to Ontario producers for chicken marketed in A-76 and A-77. They will inform each producer of the amount of this adjustment, and make the appropriate payment to the producer. Processors cannot take these steps until the Ontario Farm Products Marketing Commission has issued Final Live Price Orders for A-76 and A-77. CFO expects that the Commission will do so shortly. Ontario producers should be receiving information on the adjustment to which they are entitled **from the processor to whom they marketed their chicken in A-76 and A-77**. Each processor will indicate how the required adjustment will be paid to the producer.

If a disagreement develops between a producer and a processor about the amount of this adjustment, the producer must contact CFO staff and provide them with all of the relevant information and documentation (marketing date, marketed kilograms, amount of original payment – including a breakdown of all particulars that make up the payment, communications from the processor regarding the adjustment, and all details regarding any payment by the processor to the producer concerning such adjustment payment). CFO staff will attempt to resolve the difference. If this proves unsuccessful, the producer may request a hearing before the CFO Board.

CFO does not expect that there will be a significant number of disagreements. The calculations involved will be straight forward, and be openly communicated to the producers by the appropriate processor.

2. Establishment of A-78 Ontario Live Price for Chicken

The Commission will also shortly issue the pricing order for the Ontario Live Price for Chicken for A-78. This order will include the relevant adjustments to feed and chick costs, as well as the change in producer margin. Consequently, no further retroactive adjustments will need to be made to payments to producers.

If a producer believes that for some reason a processor does not use the correct A-78 price in payment calculations for A-78, the producer should first contact the processor to see if there was an inadvertent mistake in the calculation of payment for chicken marketed in A-78. Ontario processors have a long and successful history of responding appropriately to period to period pricing changes

as ordered by the Commission. CFO believes that the likelihood of such a mistake is low, and that processors will normally take corrective action if and when such an inadvertent mistake is pointed out to them.

Roelf Woldring
General Manager
Chicken Farmers of Ontario

cc: All Processors
All Hatcheries
OBHECC
AOCF
OIPP