

To: J Collins

October 11, 2017

Chair, BC Hatching Egg Commission

Dear Mr. Collins;

In its August 8th, 2017 letter concerning proposed changes to draft proposed changes to the Consolidated Orders, the BC Egg Hatchery Association (BCEHA) advised the Commission that it did not agree with the proposed 'decoupling' regulation change, allowing producers to purchase breeders from a hatchery of their choice.

The BCEHA remains strongly opposed to the Commission with regard to this proposed change.

In its own correspondence the Commission states that this option is under consideration as a consequence of challenges in receiving necessary breeder costing information. The Commission suggests that 'natural market pressures could ensure that the sales of breeder stock will become competitive'.

The BCEHA takes some exception to these characterizations, as a proposed model for costing has been under discussion for some months and in July (July 26th) the BCEHA believed that this issue had come to a resolution. Further, in the same July 26th meeting, between Executive Director S Nelson and BCEHA representative R Kilmury, S Nelson made the clear statement that 'it was never the intention to decouple and that this recommendation was on a means of getting the BCEHA's attention ...with respect to the breeder costing issue.'

With respect to sales prices not being competitive, the Commission provides no information with respect to this issue that would demonstrate that the prices paid by producers currently is not competitive.

Today the Commission has taken the view that there was no formal proposal or agreement with respect to breeder costing and as a consequence, in separate correspondence, the BCEHA has submitted further information with respect to a transparent and verifiable breeder costing method.

Primary processors, as well as hatcheries, are opposed to the proposed de-coupling under consideration by the HEC. The selection of breeding stock is a long process time wise, in terms of getting the best genotype 'on the ground' and into production. Breed and type selection is significantly driven, not by hatcheries or processors, but the customers of processors who have very specific requirements for proportions and weight. This is a very specific company driven process which can be unique to that individual company. Variances in product type and size of birds coming into the primary processing plant can have very negative productivity and cost consequences not only at primary processing plant but also as well at further processing facilities. In addition, variances at further processing could have negative food safety consequences. This is a very important part of managing the value chain product production process and is an important competitive factor for BC's hatchery, primary and further processing companies.

The BC Egg Hatchery Association asks that the de-coupling option under discussion by the Hatching Egg Commission be struck from any considered amendments to the Consolidated Orders.

Sincerely,



E Silveri,

President,

BC Egg Hatchery Association

CC: R Whitmore, BCEHA

J Franck, BCEHA

S Thiessen, BCEHA

S Nelson, BCHEC