



October 25, 2017

Ernie Silveri
President
BC Egg Hatchery Association
c/o 505 Hamm Street
Abbotsford, BC V2T 6B6

Dear Mr. Silveri:

INPUT COSTS AND HATCHERY MARGIN

Thank you for your correspondence of October 11, 2017 concerning the subject.

At its October 19, 2017 meeting, the BC Broiler Hatching Egg Commission spent much time reviewing these matters.

The initial confusion between the Commission and the BC Egg Hatchery Association about the actual formula for breeder chicks being proposed by the Egg Hatchery Association is acknowledged. That confusion resulted in an incorrect formula being identified in the Commission's September 25, 2017 Input Cost Analysis Update. As the actual formula being proposed by the Egg Hatchery Association was not confirmed until October 11, this impacted the timing of the Commission's decision-making with respect to the pricing of breeder chicks.

The Commission has deferred its decision with respect to the two options for breeder chicks (decoupling or formula) pending the outcome of a short extension to review questions and concerns about the Egg Hatchery Association's proposal for breeder chick pricing. A Work Action Plan is forthcoming so that this specific issue can be finalized on a priority basis.

The September 25 Update separately invited final submissions about the vaccine input costs issue. As no stakeholder made new submissions on that issue, that process is now closed.

The Commission appreciates that the Egg Hatchery Association raised the hatchery margin issue in December 2015 and that this issue should be addressed. It is timely given the upcoming chicken pricing formula review and the updating of the cost of production formulas and linkage. The Commission is also interested in developing a mechanism by which the hatchery margin can be regularly reviewed and updated on an ongoing basis. Further information on a separate process by which we can follow up on this issue with all affected stakeholders is forthcoming as well.

Although there are questions and concerns about the separate proposals the Egg Hatchery Association has submitted, it is helpful and constructive to have stakeholders submit substantive proposals. This supports informed decision-making by the Commission.

Yours truly,

A handwritten signature in black ink that reads "J. K. Collins".

Jim Collins, Chair
BC Broiler Hatching Egg Commission

BC Broiler Hatching Egg Commission



cc: Bryan Brandsma, President
BC Broiler Hatching Egg Producers Association

Ryan Whitmore, BC Egg Hatchery Association
John Franck, BC Egg Hatchery Association
Scott Thiessen, BC Egg Hatchery Association

Stephanie Nelson, Executive Director
BC Broiler Hatching Egg Commission

Ron Kilmury, Secretary
BC Egg Hatchery Association

Bill Vanderspek, Executive Director
BC Chicken Marketing Board

BC Broiler Hatching Egg Commission

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