

## *Input Cost Analysis: Work Action Plan Edited and Extended*

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### **Stakeholders:**

- BC Broiler Hatching Egg Producers (BCBHEPA)
- All Licensed BC Hatching Egg Producers
- BC Chicken Growers Association (BCCGA)
- BC Chicken Marketing Board (BCCMB)
- BC Egg Hatchery Association (BCEHA)
- All licensed BC Hatcheries
- Commission Pricing and Production Advisory Committee (PPAC)

### **Purpose:**

- To ensure equity in the costs associated with the purchase of breeder stock and vaccinations for all BC Hatching Egg Producers.

### **Outcomes:**

- A lateral, transparent and effective way to ensure that breeder stock and vaccination costs are kept within acceptable parameters.

### **Scope:**

- Identify and assess current costs association with breeder stock pricing and vaccination costs.
- Identify and assess the critical control points of input costs and where costs can fluctuate or be subject to change.
- Identify and assess the input costs impact to the linkage agreement with the BCCMB.

### **Background:**

- The BC Hatching Egg Producer currently relies on their shipping hatchery to import and hatch the breeder stock necessary to produce broiler hatching eggs.
- The BC Hatching Egg Producer is committed to purchasing and producing the breeder genetics of the shipping hatchery's choice.
- The BC Hatching Egg Producer is committed to the shipping hatchery's vaccination program from the supplier of the hatchery's choice.
- BC Hatching Egg Producers historically have no options or recourse if the costs associated with shipping to one hatchery are greater than another hatchery.
- The Commission has worked on this Key Initiative for several years most recently circulating an update on September 25, 2017 addressing what it believed were the options available.
- Unfortunately, the Egg Hatchery Association's formula outlined in the report was incorrect and an updated version has been presented to the Commission by the Egg Hatchery Association.
- The Egg Hatchery Association latest breeder chick pricing proposal will be considered against the option of decoupling as identified in the Commission's September Report.

## Key Initiative #2: Input Cost Analysis

### Review of Options:

The Key Questions that will be addressed in this Phase through a SAFETI analysis include:

1. What are the costs associated with purchasing breeders at each hatchery?
2. What are the philosophies identified at each hatchery that create value or do not create value for the supply chain (for example hatching locally vs importing birds in)?
3. Can the costs be determined and to what extent for the development of an appropriate formula?
4. What are the advantages and disadvantages to Hatching Egg Producers and to hatcheries in decoupling?
5. Can decoupling add incentive to keep hatcheries competitive?

### Approach:

- A review of the “decoupling” option as identified to Stakeholders in the September 25, 2017 Update.
- A review of the “formula” option submitted to the Commission on October 11, 2017.
- Submissions of the breeder chick options to the Commission (will be published on website) by November 10, 2017.
- Referral – with questions and instructions as deemed necessary – by the Commission of the breeder chick options and vaccine options to PPAC by November 15, 2017.
- Recommendation, supported by SAFETI analysis, from PPAC to the Commission by November 24, 2017.
- Other as determined by the Commission as necessary.

### Expected Outcome:

- The Commission’s final decisions on which options will be pursued and resources directed toward.

### Deliverables:

- A parameter of cost associated with vaccines administered in BC hatching egg flocks.
- A parameter of cost associated with the local hatching or importing of breeder stock into BC.

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***Anticipated Decision December 1, 2017***