

April 5, 2024

VIA EMAIL

BC Hatching Egg Industry

Dear Stakeholders,

RE: IMPLEMENTATION PLAN COMPLETION & FINAL UPDATE

On March 4, 2022, the BC Broiler Hatching Egg Commission (Commission) submitted its Pricing Proposal jointly with the BC Chicken Marketing Board (BCCMB). On June 3, 2022, the British Columbia Farm Industry Review Board (BCFIRB) issued its decision on the Commission's Proposed Pricing Package¹.

Approval was granted to implement the long-term pricing recommendations on the following conditions (paras. 1-4; 59-62):

The Commission give one production period implementation notice to the BC Chicken Marketing Board (Chicken Board), stakeholders, and BCFIRB; and

The Commission follow the graduated process established in its March 4, 2022 submission.

Further,

The Commission will provide an implementation progress report to BCFIRB by December 16, 2022.

On an on-going basis, the Commission will monitor implementation impacts on hatching egg producers and hatcheries; and, through the Chicken Board, implementation impacts on chicken growers and processors.

The Commission and Chicken Board are to collaborate as necessary to ensure any significant implementation impacts are duly considered and mitigated as appropriate.

To ensure all the conditions of the approval were met with continued stakeholder engagement, an implementation plan was prepared. It was considered a living document and was updated as work progressed through the implementation.

Within that Proposed Pricing Package was a phase-in schedule (p.106) with (maximum) new COP pricing beginning at 95.0% and increasing by 0.5% to 99.5%, a duration of 10 pricing periods. The first period was A179, making the recently issued pricing for A188 the tenth and final pricing period of the phase-in schedule. The Commission is, therefore, pleased to issue this final Implementation Plan update.

¹ BC Farm Industry Review Board. (June 3, 2022). [In the Matter of the Natural Products Marketing \(BC\) Act and BC Broiler Hatching Egg Commission Final Pricing Recommendations.](#)

This letter will also outline the continuing work of the Commission in ensuring ongoing monitoring of hatching egg sector pricing and collaboration with hatching egg producers, hatcheries, BCCMB, and other value chain participants, as follows:

Implementation Plan Schedule

The phase-in schedule has been completed, with pricing now permitted to be set at full price with efficiencies applied (production trimming). The Commission will continue to monitor pricing and its impacts upon producers, hatcheries and, through the BCCMB, impacts on chicken growers and processors.

Formula Finalizations

The Breeder Chick Pricing formula was completed and is being used successfully.

The vaccine pricing sleeve amount and process to update was completed; it is anticipated that a submission from the Veterinarian Technical Committee to the Commission regarding updating the cost sleeve amount will be made in near future. The Commission is also continuing its investigation into vaccine charges by hatcheries and/or third-party veterinarians in excess of the sleeve.

Hatchery COP

The BC Egg Hatchery Association (BCEHA) notified the Commission in 2023 that it had begun working on a survey of its members on four significant hatchery costs. Since then, BCEHA informed the Commission in March 2024 that it is moving forward with a more fulsome COP. The Commission is encouraged to hear of this progress in hopes that it is a full-fledged COP, consistent with its recommendations in the Pricing Proposal Package; BCFIRB noted as such that "...plans have been established to build a cost-based hatchery pricing model by 2023 based on reasonable returns" (para. 30).

A timeline for the hatchery COP report, and review of it and reasonable returns, has not been provided by the BCEHA.

Producer COP

A timeline for the producer surveys for the next iteration of the hatching egg producer COP is being developed, potentially commencing in late spring 2024. The surveys were last completed in 2020.

Labour Costs – Timesheets

The Commission is finalizing a timesheet to be used by producers daily. This is a recommendation that came forward from the third-party COP review. It is anticipated that these will be available to begin documenting hours prior to the next round of COP surveys, noted above.

Hatching Egg Reporting System

The development of this system whereby hatcheries can report pickup and hatch data, weekly, on a flock-by-flock basis is integral to the improvement of orderly marketing and efficiencies. The Commission has mandated the reporting of this data since January 1, 2024 and is working with the BCEHA to bring its membership into full compliance.

Pricing Report to Pricing and Production Advisory Committee

The Pricing and Production Advisory Committee (PPAC) will continue receiving pricing reports in order to provide its recommendation(s) to the Commission. The report will be similar to the ones provided within the Implementation Plan.

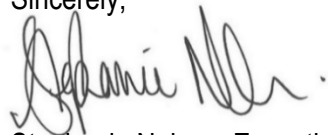
Collaboration with BCCMB

BCCMB will continue to receive a copy of the pricing report to PPAC in advance of any price setting decision made by the Commission. The joint board meetings, held quarterly, will continue to provide the opportunity for both boards to discuss pricing matters in greater detail and length.

In addition, the Commission will continue to monitor the progress of BCCMB's pricing submission to BCFIRB and related correspondence, and will contribute, as necessary.

With closing out the implementation phase, the Commission wants to thank all participants in the BC hatching egg industry for having contributed to this pricing process.

Sincerely,



Stephanie Nelson, Executive Director
BC Broiler Hatching Egg Commission

Attachment

cc: Peter Donkers – Chair, Chicken Sector Pricing Review Panel, BCFIRB

**HATCHING EGG SECTOR
COP-BASED PRICING PACKAGE**

POST-APPROVAL IMPLEMENTATION PLAN

CHICKEN SECTOR PRICING SUPERVISORY REVIEW

APRIL 5, 2024 [FINAL UPDATE]



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British Columbia Farm Industry Review Board Decision

On June 3, 2022, the British Columbia Farm Industry Review Board (BCFIRB) issued its decision on the BC Broiler Hatching Egg Commission’s Proposed Pricing Package¹.

Approval was granted to implement the long-term pricing recommendations on the following conditions (paras. 1-4; 59-62):

The Commission give one production period implementation notice to the BC Chicken Marketing Board (Chicken Board), stakeholders, and BCFIRB; and

The Commission follow the graduated process established in its March 4, 2022 submission.

Further,

The Commission will provide an implementation progress report to BCFIRB by December 16, 2022.

On an on-going basis, the Commission will monitor implementation impacts on hatching egg producers and hatcheries; and, through the Chicken Board, implementation impacts on chicken growers and processors.

The Commission and Chicken Board are to collaborate as necessary to ensure any significant implementation impacts are duly considered and mitigated as appropriate.

To ensure all the conditions of the approval are met with continued stakeholder engagement, this implementation plan has been prepared. It is considered a living document and will be updated as work progresses through the implementation and into the post-implementation period (updates to the tables are provided in gold font with the most recent bolded).

Implementation Plan Schedule

Included in the schedule below are action items that either occur one-time (e.g., issuing the one-period implementation notice) or are recurring.

Details on the specific data points to be updated, including formulae finalization, follow this timeline.

✓ = Completed ~ = In Progress

| Pricing Period | Dates | Action Item | Description | Date(s) | ✓ |
|----------------|--------------------------|-------------------------------|--|------------|---|
| A174 | 2022-01-16 to 2022-03-12 | Submission – Pricing Proposal | Submission of the Pricing Proposal | 2022-03-04 | ✓ |
| A175 | 2022-03-13 to 2022-05-07 | Submission – Follow Up | Prepare answers to questions, including a draft of the post-submission implementation analysis | 2022-03-30 | ✓ |
| | | Submission – Follow Up | Meeting with BCFIRB regarding the Pricing Proposal submission | 2022-04-12 | ✓ |

¹ BC Farm Industry Review Board. (June 3, 2022). [In the Matter of the Natural Products Marketing \(BC\) Act and BC Broiler Hatching Egg Commission Final Pricing Recommendations.](#)

| | | | | | |
|------|--------------------------|-------------------------|---|-------------------------------|---|
| A176 | 2022-05-08 to 2022-07-02 | Submission – Follow Up | Respond to written submissions by stakeholders as requested by BCFIRB | 2022-05-13 | ✓ |
| | | Decision | BCFIRB issues its decision, approving the Pricing Proposal | 2022-06-03 | ✓ |
| | | Pre-Implementation Work | Drafting updates to the Implementation Plan Schedule following decision | 2022-06-05 to 2022-06-17 | ✓ |
| | | | PPAC Meeting – including Implementation Plan considerations discussion (i.e., A178 versus A179 implementation start) | 2022-06-16 | ✓ |
| | | | Stakeholder engagement – notice to other stakeholders for input on Implementation Plan | 2022-06-17 | ✓ |
| | | | COP input updates work | Ongoing | ✓ |
| | | | COP formulae finalizations work with stakeholder engagement | Ongoing | ✓ |
| | | Decision | Board considers any advice from PPAC, BCCMB and/or other stakeholders; formal approval of Implementation Plan | 2022-06-23[†] | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice per current practice under Linkage | 2022-06-28 [†] | ✓ |
| | | Decision | Board considers any advice from PPAC, BCCMB and/or other stakeholders; sets price for next pricing period per current practice under Linkage | 2022-06-29 [†] | ✓ |
| | | Price Announcement | Issue pricing for A177 per Linkage | 2022-06-30 | ✓ |
| A177 | 2022-07-03 to 2022-08-27 | Pre-Implementation Work | COP input updates complete | | |
| | | | To be completed in conjunction with the below-noted formulae finalizations. | 2022-07-29 | |
| | | | BCEHA provided information concerning two data inputs August 22 following further extension. Staff completed the COP input updates for August 25, 2022. | 2022-08-19 | ✓ |
| | | | | 2022-08-22 | |
| | | | COP formulae finalizations complete | | |
| | | | Extensions to BCEHA engagement permitted, upon their request, from June 15 original meeting to June 29, to July 12, to July 14 for more time to read documents and respond. | 2022-07-29 | |
| | | | | 2022-08-19 | |
| | | | | 2022-08-22 | ✓ |
| | | | Further extension to August 19 for BCEHA to provide transparent sources for figures and additional new costs | 2022-10-17 | |

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|--|------------------------|---|---|----------|
| | | <p>proposed to the formula at the July 14 meeting.</p> <p>BCEHA provided information concerning two data inputs on August 22 following further extension. Three other data points require further substantiation before inclusion.</p> <p>BCEHA letter dated September 14 requested discussion on Hatchery COP. The Commission requested a meeting on breeder chick finalization and Hatchery COP for September 29; BCEHA declined to attend.</p> <p>Discussions held between Commission and BCEHA representatives the weeks of October 3 and October 10. Further input received on formula. Draft final reviewed at meeting on October 14. Key inputs will be updated each pricing cycle per agreed upon formula.</p> <p>No further information received as of October 17; draft price set in accordance with formula and forwarded to PPAC.</p> | | |
| | | <p>Serecon Inc. completes input and formulae updates Input changes communicated to Serecon [completed].</p> <p>Finalization of input figures dependent on both above-noted input/formulae finalizations. Date for input changes to be communicated to Serecon updated based on draft finalization of breeder chick margin submitted to BCEHA on September 26.</p> | <p>2022-08-10</p> <p>2022-08-22</p> <p>2022-09-29</p> | <p>✓</p> |
| | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice per current practice under Linkage | 2022-08-23 [†] | ✓ |
| | Decision | Board considers any advice from PPAC, BCCMB and/or other stakeholders; sets price for next pricing period per current practice under Linkage; approves issuing one-period implementation notice | <p>2022-08-24[†]</p> <p>2022-08-25</p> | <p>✓</p> |
| | Price Announcement | Issue pricing for A178 per Linkage | 2022-08-26 | ✓ |
| | Notice | Issue one-period implementation notice | 2022-08-26 | ✓ |

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|-------------|---|------------------------|---|--|---------------------------|
| A178 | 2022-08-28 to 2022-10-22 | Phase-in step | One-period wait following implementation notice | 2022-08-28 | ✓ |
| | | COP Updates | Updates to current pricing inputs determined for next pricing period Guide PPAC through first draft of Pricing Package (14 days prior to price announcement) | 2022-10-03** (2022-10-07) | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice (10 days prior to price announcement) Serecon noted it will not be possible to compare A179 COP-based pricing against the former Linkage-based pricing on October 3 due to the timeline of Chicken Farmers of Ontario not posting its prices (which are required for Linkage calculations) until generally one week or less before the next pricing period begins. A comparison will be added when CFO posts its pricing which permits Serecon to complete its Linkage-based pricing work. This comparison is a requirement by BCFIRB in its approval decision. Timeline extended due to further consultations with BCEHA (above) on breeder chick pricing. | 2022-10-03** (2022-10-11) 2022-10-18 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB (7 days prior to price announcement) | 2022-10-14† 2022-10-18 | ✓ |
| | | Stakeholder Engagement | PPAC advice due (7 days prior to price announcement) | 2022-10-14† 2022-10-19 | ✓ |
| | | Decision | Board considers any advice from PPAC, BCCMB and/or other stakeholders; sets price for next pricing period (4 days prior to price announcement) | 2022-10-17† 2022-10-20 | ✓ |
| | | Stakeholder Engagement | Board forwards next period Day-Old Chick price to BCCMB following Decision (4 days prior to price announcement) | 2022-10-17† 2022-10-20 | ✓ |
| | | Price Announcement | Board distributes pricing of Hatching Eggs (per dozen/saleable chick) and Day-Old Chicks for the next period | 2022-10-21 2022-10-20 | ✓ |
| | | A179 | 2022-10-23 to 2022-12-17 | Phase-in step | Phase-in step is at 95.0% |
| COP Updates | Updates to current pricing inputs determined for next pricing period (14 days prior to price announcement) | | | 2022-12-02 | ✓ |

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|------|--------------------------|--|---|---------------------------|---|
| | | Stakeholder Engagement | BCEHA informs the Commission of foreign exchange concerns with the Breeder Chick Prices set for A179. | 2022-12-05 | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice (10 days prior to price announcement) | 2022-12-06 2022-12-09 | ✓ |
| | | Stakeholder Engagement | PPAC advice due (7 days prior to price announcement) | 2022-12-09† 2022-12-13 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB (7 days prior to price announcement) | 2022-12-09† 2022-12-14 | ✓ |
| | | Decision | Board considers any advice; sets price for next pricing period (4 days prior to price announcement) | 2022-12-12† 2022-12-14 | ✓ |
| | | Stakeholder Engagement | Board forwards next period Day-Old Chick price to BCCMB following Decision (4 days prior to price announcement) | 2022-12-12† 2022-12-14 | ✓ |
| | | Stakeholder Engagement | BCEHA and the Commission have an Operations Meeting, as well as discuss an analysis conducted by the Commission of the foreign exchange rate thus far in A179. Further work was requested by the BCEHA for the Commission to formulate options. | 2022-12-15 | ✓ |
| | | Price Announcement | Board distributes pricing of Hatching Eggs (per dozen/saleable chick) and Day-Old Chicks for the next period | 2022-12-16 | ✓ |
| | | Submission - Implementation Progress Report | Deadline for the Board to submit its implementation progress report to BCFIRB | 2022-12-16 | ✓ |
| A180 | 2022-12-18 to 2023-02-11 | Phase-in step | Phase-in step is at 95.5% | 2022-12-18 | ✓ |
| | | Stakeholder Engagement | BCEHA and the Commission have an Operations Meeting, as well as discuss further analysis conducted by the Commission of the foreign exchange rate. It was proposed by the BCEHA to provide pricing of breeder chicks in USD. | 2023-01-04 | ✓ |
| | | Stakeholder Engagement | Commission staff took the recommendation to the Board; the Board was willing to work further on the request and present to PPAC. | 2023-01-11 | ✓ |
| | | Stakeholder Engagement | Commission staff reported to BCEHA at the next BCEHA-Commission Operations Meeting of the Board's willingness to present the proposal of pricing breeder chicks in USD to PPAC. | 2023-01-11 | ✓ |
| | | Stakeholder Engagement | PPAC Meeting is held. Commission staff presented the report with the BCFIRB Pricing Liaison in attendance. BCBHEPA | 2023-01-13 | ✓ |

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|-------------|--------------------------|------------------------|--|------------|---|
| | | | commits to having a letter on the matter following its scheduled board meeting of January 18, 2023. | | |
| | | Stakeholder Engagement | Receipt of BCBHEPA correspondence; no further correspondence received from BCEHA or PPAC. | 2023-01-19 | ✓ |
| | | Decision | The Board considers the advice received regarding breeder chick pricing; sets price for breeder chicks effective January 1, 2023. | 2023-01-31 | ✓ |
| | | Price Announcement | Board distributes pricing for breeder chicks effective January 1, 2023. | 2023-01-31 | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice (delayed while awaiting life-of-flock data from BCEHA to complete production trimming) | 2023-02-08 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB | 2023-02-08 | ✓ |
| | | Stakeholder Engagement | PPAC advice due; BCCMB advice due | 2023-02-09 | ✓ |
| | | Decision | Board considers any advice; sets price for next pricing period | 2023-02-09 | ✓ |
| | | Price Announcement | Board distributes pricing for period A181 | 2023-02-10 | ✓ |
| A181 | 2023-02-12 to 2023-04-08 | Phase-in step | Phase-in step is at 96.0% | 2023-02-12 | ✓ |
| | | COP Updates | Updates to current pricing inputs determined for next pricing period | 2023-03-28 | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice | 2023-04-04 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB | 2023-04-04 | ✓ |
| | | Stakeholder Engagement | PPAC advice due; BCCMB advice due | 2023-04-06 | ✓ |
| | | Decision | Board considers any advice; sets price for next pricing period | 2023-04-06 | ✓ |
| | | Price Announcement | Board distributes pricing for period A182 | 2023-04-06 | ✓ |
| A182 | 2023-04-09 to 2023-06-03 | Phase-in step | Phase-in step is at 96.5%* *Return capped at 96.18% | 2023-04-09 | ✓ |
| | | COP Updates | Updates to current pricing inputs determined for next pricing period | 2023-05-24 | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice | 2023-05-29 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB | 2023-05-29 | ✓ |
| | | Stakeholder Engagement | PPAC advice due; BCCMB advice due | 2023-05-31 | ✓ |

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|------|--------------------------|------------------------|---|------------|---|
| | | Decision | Board considers any advice; sets price for next pricing period | 2023-06-01 | ✓ |
| | | Price Announcement | Board distributes pricing for period A183 | 2023-06-01 | ✓ |
| A183 | 2023-06-04 to 2023-07-29 | Phase-in step | Phase-in step is at 97.0%* *Return capped at 95.78% | 2023-06-04 | ✓ |
| | | COP Updates | Updates to current pricing inputs determined for next pricing period | 2023-07-14 | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice | 2023-07-24 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB | 2023-07-24 | ✓ |
| | | Stakeholder Engagement | PPAC advice due; BCCMB advice due | 2023-07-26 | ✓ |
| | | Decision | Board considers any advice; sets price for next pricing period | 2023-07-27 | ✓ |
| | | Price Announcement | Board distributes pricing for period A184 | 2023-07-28 | ✓ |
| A184 | 2023-07-30 to 2023-09-23 | Phase-in step | Phase-in step is at 97.5%* | 2023-07-30 | ✓ |
| | | COP Updates | Updates to current pricing inputs determined for next pricing period | 2023-09-13 | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice | 2023-09-19 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB | 2023-09-19 | ✓ |
| | | Stakeholder Engagement | PPAC advice due; BCCMB advice due | 2023-09-21 | ✓ |
| | | Decision | Board considers any advice; sets price for next pricing period | 2023-09-22 | ✓ |
| | | Price Announcement | Board distributes pricing for period A185 | 2023-09-22 | ✓ |
| A185 | 2023-09-24 to 2023-11-18 | Phase-in step | Phase-in step is at 98.0%* | 2023-09-24 | ✓ |
| | | COP Updates | Updates to current pricing inputs determined for next pricing period | 2023-11-10 | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice | 2023-11-14 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB | 2023-11-14 | ✓ |
| | | Stakeholder Engagement | PPAC advice due; BCCMB advice due | 2023-11-16 | ✓ |
| | | Decision | Board considers any advice; sets price for next pricing period | 2023-11-17 | ✓ |
| | | Price Announcement | Board distributes pricing for period A186 | 2023-11-17 | ✓ |
| A186 | 2023-11-19 to 2024-01-13 | Phase-in step | Phase-in step is at 98.5%* | 2023-11-19 | ✓ |
| | | COP Updates | Updates to current pricing inputs determined for next pricing period | 2024-01-03 | ✓ |

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|-------------|--------------------------|------------------------|--|-------------------------------------|---|
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice | 2024-01-08 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB | 2024-01-08 | ✓ |
| | | Stakeholder Engagement | PPAC advice due; BCCMB advice due | 2024-01-10 | ✓ |
| | | Decision | Board considers any advice; sets price for next pricing period | 2024-01-11 | ✓ |
| | | Price Announcement | Board distributes pricing for period A187 | 2024-01-12 | ✓ |
| A187 | 2024-01-14 to 2024-03-09 | Phase-in step | Phase-in step is at 99.0%* *Return capped at 96.54% | 2024-01-14 | ✓ |
| | | COP Updates | Updates to current pricing inputs determined for next pricing period | 2024-02-29 | ✓ |
| | | Stakeholder Engagement | Next period pricing documents and considerations sent to PPAC to solicit advice. One additional day required due to delay in receiving information from BCEHA hatcheries. | 2024-03-04 2024-03-05 | ✓ |
| | | Stakeholder Engagement | Board forwards next period draft Day-Old Chick price to BCCMB One additional day required due to delay in receiving information from BCEHA hatcheries. | 2024-03-04 2024-03-05 | ✓ |
| | | Stakeholder Engagement | PPAC advice due; BCCMB advice due One additional day required due to delay in receiving information from BCEHA hatcheries. | 2024-03-06 2024-03-07 | ✓ |
| | | Decision | Board considers any advice; sets price for next pricing period | 2024-03-07 | ✓ |
| | | Price Announcement | Board distributes pricing for period A188 | 2024-03-08 | ✓ |
| A188 | 2024-03-10 to 2024-05-04 | Phase-in step | Phase-in step is at 99.5%* Fully phased-in pricing at the level of an efficient producer* *Return capped at 96.26% | 2024-03-10 | ✓ |
| | | Stakeholder Engagement | Final Post-Approval Implementation Plan Update | 2024-04-05 | ✓ |

* Capped to the lower of the step or the return for an efficient producer of the New (2020) COP w/ Mechanisms & Efficiencies. Full phase-in may occur prior to period A188.

† Date subject to any additional work to be performed by Serecon Inc. resulting from consultations.

Pre-Implementation Finalization Work

It should be noted that as part of the pre-implementation work, coordination between the Commission and Serecon Inc. will be required as all surveys are housed by Serecon Inc. to maintain producer confidentiality.

Formulae finalizations and the work on a hatchery margin (COP) indexing will require contributions from the BC Egg Hatchery Association (BCEHA) and stakeholders noted in the Vaccine Pricing work action plan.

COP Input Updates (including Mechanisms and Efficiencies)

| Input | Required for implementation | Required for each pricing period thereafter |
|------------------------------|---|---|
| Feed | Update surveyed feed prices. | Update surveyed feed prices. |
| | No change from current practice. | No change from current practice. |
| Processing Dates | Update lay cycle length based on simple average of the prior period actual processing dates (A178) plus forecasted next period processing dates (A179). | Update lay cycle length based on simple average of the prior period actual processing dates (A1XX) plus forecasted next period processing dates (A1XX+1). |
| | This is a change to incorporate planned processing dates. <i>See also Post-Submission Analyses</i> | This is a change to incorporate planned dates. |
| Breeder Chick Pricing | Cost for the period permitted to be charged by Hatcheries will be set by way of established formulae (see Formula Finalizations). | Cost for the period permitted to be charged by Hatcheries will be set by way of established formulae (see Formula Finalizations). |
| | The price included will be an average of four pricing periods that align the current egg production (saleable chicks) to the cost of the breeder chick (e.g., for A179 pricing, average the set cost for periods A176, A175, A174 and A173). This is a change from Hatcheries setting the price to the Commission setting the price using agreed upon formulae with cost verification. <i>See also Post-Submission Analyses</i> | The price included will be an average of four pricing periods that align the current egg production (saleable chicks) to the cost of the breeder chick (e.g., for A1XX pricing, average the set cost for periods A1XX-3, A1XX-4, A1XX-5 and A1XX-6). This is a change from Hatcheries setting the price to the Commission setting the price using agreed upon formulae with cost verification. |
| Vaccine Pricing | Update, by way of indexing, the surveyed vaccine costs following finalization of the Vaccine schedule (and cost sleeve) to determine if a change, higher or lower, is necessary. This is a change to recognize changes in standard vaccines. <i>See also Post-Submission Analyses</i> | Update, by way of indexing, the surveyed vaccine costs to the revised cost sleeve when the vaccine update mechanism is employed. |

| | | | | |
|---|--|---|--|---|
| Utilization | No update required. | ✓ | No update required. | ✓ |
| Industry Benefit Index (IBI) | Calculation of the historical levy portion put toward the management of the Official Flock Schedule, and industry initiatives such as SE sampling, blood work programs, and audit verification processes that benefit the entire chicken industry is required. | ✓ | Re-run the IBI calculation as necessary (when the underlying figures change). | ✓ |
| Hatch Average | No update required. | ✓ | No update required. | ✓ |
| Fowl and Breaker Quality Eggs Revenues | For A179, salvage egg revenue will be indexed as the amount per dozen received by Producers is now \$0.75 per dozen (increase from \$0.70 per dozen). Consult on fowl price which was lowered in 2020 due to COVID-related pressures. Re-index fowl price at the current rate received by Producers. | ✓ | Update the ancillary revenue (return of costs) line as inputs change. | ✓ |
| New Costs | No update required. | ✓ | Should a new cost be experienced before it can be reasonably surveyed as part of the next COP iteration, depending on the manner of the cost (i.e., voluntary vs. involuntary), all relevant information will be forwarded to the Commission PPAC and, if necessary, the BCCMB PPAC. If required, a new COP-line item, or update to an existing COP-line item, will be completed as determinable in the future. | ✓ |
| Other Costs Not Specifically Mentioned | Updates to indices as per current practice. | ✓ | Updates to indices as per current practice. | ✓ |
| Saleable Chick Payment | No update required. | ✓ | No update required. | ✓ |
| 70% Hatch | No update required. | ✓ | No update required. | ✓ |
| Production Trimming | Finalization of life-of-flock data, receivable from Hatcheries, is required on a 12-month rolling average. The Commission will compile the data and complete the analysis. For A179, flocks with processing dates ending up to the end of A177 will be included, and for 12 months preceding (i.e., August 27, 2022 back to August 28, 2021). | ✓ | Continuation of the process required for implementation. Life-of-flock data for flock A1XX will include flocks from A1XX-2 going back 12 months, inclusive. | ✓ |

| | | |
|--|---|--|
| | <p>To ensure completeness of data (due to hatches being 21 days after the final set), flocks from the current (incomplete) period are not included.</p> <p>See also <i>Post-Submission Analyses</i></p> | |
|--|---|--|

Formula Finalizations

| Formula | Update required for implementation | Update(s) required for each pricing period thereafter |
|-------------------------------------|---|---|
| <p>Breeder Chick Pricing</p> | <p>Cost for the period permitted to be charged by Hatcheries will be set by way of established formulae.</p> <p>These formulae are with the BCEHA for consultation. All line items require verifiable amounts and a methodology for how and when to update the amount.</p> <ul style="list-style-type: none"> • Breeder company costs (USD) <ul style="list-style-type: none"> ○ How to account for breed mix as selected by the Hatcheries. • Breeder company services and/or vaccines (USD) • Foreign exchange • Other costs (local to the hatcheries such as brokerage, blood work, lab testing or any other noted amounts) • Removal of breeder chick margin (translated instead into saleable chick hatchery margin increase) <p>This may require information to be forwarded directly from breeder companies to complete the verification process.</p> <p>As noted under the A177 period of the Implementation Schedule:</p> <p>BCEHA provided information concerning two data inputs on August 22 following further extension. Three other data points require further substantiation before inclusion.</p> | <p>Re-running the formulae using the agreed upon inputs with costs that are verifiable to set the price permitted to be charged by Hatcheries to Producers.</p> <p>This then flows into the Breeder Chick Pricing noted above (see <i>COP Input Updates (including Mechanisms and Efficiencies)</i>)</p> <p>The established formulae are subject to regular updates which may include the three data points which currently require further substantiation.</p> <p>The BCEHA informed the Commission on December 5, 2022 of its concern that the formula is resulting in instances where the amount chargeable to producers is not enough to offset the charge by the breeder companies. This may be due to a change in foreign exchange rate during the 8-week period. There is no indication at this point it is a systemic problem; this will both be monitored over the coming periods and addressed at a planned meeting with the BCEHA on December 15, 2022.</p> <p>See <i>Period A180 Proposed Breeder Chick Pricing Adjustment</i> below. An amending order was issued January 31, 2023 following stakeholder consultation.</p> <p>Formula was followed for periods A181 and A182; further consultation held with BCEHA at Commission-Hatchery Operations meetings on roll out of USD pricing and any other concerns.</p> |

| | | |
|--|---|---|
| | <p>BCEHA letter dated September 14 requested discussion on Hatchery COP. The Commission requested a meeting on breeder chick finalization and Hatchery COP for September 29; BCEHA declined to attend.</p> <p>Discussions held between Commission and BCEHA representatives the weeks of October 3 and October 10. Further input received on formula. Draft final reviewed at meeting on October 14. Key inputs will be updated each pricing cycle per agreed upon formula.</p> <p>No further information received as of October 17; draft price set in accordance with formula and forwarded to PPAC.</p> <p>Adjustments as follows:</p> <ul style="list-style-type: none"> - Updates, as contemplated under the March 4, 2022 submission include breed mix and market share, breeder company services and/or vaccines, removal of breeder chick margin (translated into saleable chick as part of the hatchery margin increase) - Other updates: Foreign exchange – the formula will use the Bank of Canada monthly interest rate <u>plus</u> an estimated ‘buy’ sleeve to reflect that the BoC rate is a mid-point rate. The ‘buy’ sleeve was estimated using the average of five financial institution’s buy-sell spread at one-half. This better reflects actual costs incurred by hatcheries and was a potential methodology in the March 4, 2022 submission. <p>Other costs include Delivery costs, and Bloods/SE sampling expenses. The Commission reasonably estimated these costs which include time, labour rate and fuel / maintenance.</p> <p>Administration costs, brokerage costs, and veterinarian services</p> | <p>In the A187 pricing amending order, the breeder chick price will be with an effective date of January 1, 2024 to coincide with the change in breeder company pricing. This effective date is consistent with the prior year.</p> |
|--|---|---|

| | | | |
|------------------------|---|--|-------------------------------------|
| | <p>remain nil at this point, but are part of the formula with inclusion subject to receipt and verification of data for reasonableness.</p> <p>See also <i>Post-Submission Analyses</i></p> | | |
| Vaccine Pricing | <p>No update required until the vaccine schedule and cost sleeve are determined, per the work action plan.</p> | <p>Update the components of the cost sleeve as required from time-to-time, based on the process established in the work action plan.</p> <p>This then flows into the Vaccine Pricing noted above (see <i>COP Input Updates (including Mechanisms and Efficiencies)</i>)</p> <p>The Commission reviewed a sample of vaccine costs charged by hatcheries (or third-party veterinarians contracted by hatcheries) to Producers. Letters were sent to BCEHA, veterinarians, and Producers regarding the requirement to charge only up to \$1.61 per placed chick. The period for Producers to submit their vaccine invoices for analysis has been extended to January 12, 2024.</p> <p>The Commission is continuing its investigation of the matter and has met with hatcheries and the Veterinarian Technical Committee.</p> <p>Any formal submission made by the Veterinarian Technical Committee to the Commission regarding the cost sleeve will be reviewed as per the established process.</p> | <p>✓</p> <p>✓</p> <p>✓</p> <p>~</p> |

Hatchery COP

| Input | Update required for implementation | Update(s) required for each pricing period thereafter |
|--|--|---|
| <p>Hatchery Margin – Annual Changes</p> | <p>Begin establishing a benchmark of major costs (e.g., hydro and labour) to permit future indexing of the Hatchery Margin.</p> <p>As noted under the A177 period of the Implementation Schedule:</p> <p>BCEHA letter dated September 14, 2022 requested discussion on Hatchery COP. The Commission requested a meeting on breeder chick finalization and Hatchery COP for September 29, 2022; BCEHA declined to attend.</p> <p>Concern raised at the October 3, 2022 PPAC meeting by BCEHA that the hatchery margin increase of 3.0 cents does not incorporate current price increases and would lock-in that margin at today's costs. Price increases on all parties were acknowledged by the Chair and steps will be taken in this future hatchery COP work to address this concern.</p> <p>Further discussion with BCEHA on October 14, 2022 on the hatchery COP in conjunction with further input on the draft final breeder chick price.</p> <p>The Commission requested an update on the progression of a hatchery COP on October 26, 2023. The BCEHA responded on October 31, 2023 advising that they have completed an assessment of four key costs and collected and normalized productivity data. The normalization of financial statements and economic analysis, along with a report is anticipated by the end of 2023.</p> <p>Based on receipt of the above work, in February 2024 the BCEHA updated the Commission that further, expanded work on COP figures will be commencing. The Commission made note of this in a response letter to the PPPABC on March 15, 2024 re Hatchery Margin and Hatchery COP progress</p> | <p>Re-running the benchmarked costs, verified by a third-party, and applying the updated hatchery margin, if any, on a schedule following consultation with PPAC.</p> |

In addition to the above, the Commission preliminary identifies these inputs as areas of ongoing work that will be of use in the next iteration of the Hatching Egg COP:

Next Iteration of the Hatching Egg COP

| Input | Update required for implementation | Update(s) required for each pricing period thereafter |
|---------------------|------------------------------------|--|
| Labour costs | No update required. | <p>Begin providing timesheets for Producers to record hours. This is a recommendation coming forward from the third-party COP review for the next iteration of the COP.</p> <p>The Commission has begun working with Serecon in adapting its collected labour line-items into a timesheet to record hours.</p> <p>The Commission is finalizing a timesheet for use by producers daily.</p> |
| Other costs | No update required. | <p>Review key elements of the COP and any advice received from PPAC or other stakeholders which may indicate further survey data is needed and/or a change in the methodology employed (e.g., labour costing, per above).</p> |

Reports

Beyond the implementation progress report required by BCFIRB, the Commission aims to establish a report with price setting data and analysis to PPAC – an evolution of the current practice under Linkage. Through this report the Commission will monitor implementation impacts on hatching egg producers and hatcheries, as well as, through the Chicken Board, on chicken growers and processors.

This report is also anticipated to indicate the percentage at which an efficient producer receives their full costs back – the effect of the Production Trimming efficiency.

It is expected this report will change over time based upon the advice of the users of the report. **The report's structure will be condensed for periods A189 onward given the completion of the phase-in schedule.**

Stakeholder Engagement

Continuing the consultation and engagement that embodied the Roundtables of the Supervisory Review is of importance to the Commission. Key elements (updates, finalizations, reporting) will require various stakeholders' advice and the Commission anticipates continuing to receive such advice which is incumbent upon all participants in a regulated industry.

Post-Submission Analyses

This section is for continued analyses of the new (2020) COP in comparison to the Linkage-based COP.

Certain data may have been previously presented in the March 30, 2022 post-submission report submitted to BCFIRB and made available on the BCBHEC-BCCMB Pricing website.

New (2020) COP versus Linkage-based COP Pricing

| A173 | Base New (2020) COP | Current Lay Cycle* | Target Lay Cycle* |
|---|---------------------|--------------------|-------------------|
| Lay cycle (weeks) | 56.1 | 58 | 58 |
| Equivalent (\$/doz) | \$6.8217 | \$6.5988 | \$6.5988 |
| Equivalent (per chick) | \$0.7106 | \$0.6874 | \$0.6874 |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | \$0.1894 |
| Day-old (per chick) | \$0.9000 | \$0.8768 | \$0.8768 |
| Recovery | 100% | 100% | 100% |
| v. A173 Linkage price (\$0.6681) | - | 97.2% | - |

* No other variables changed

| A174 | Base New (2020) COP | Current Lay Cycle* | Target Lay Cycle* |
|---|---------------------|--------------------|-------------------|
| Lay cycle (weeks) | 56.1 | 58 | 58 |
| Equivalent (\$/doz) | \$6.9859 | \$6.7567 | \$6.7567 |
| Equivalent (per chick) | \$0.7277 | \$0.7038 | \$0.7038 |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | \$0.1894 |
| Day-old (per chick) | \$0.9171 | \$0.8932 | \$0.8932 |
| Recovery | 100% | 100% | 100% |
| v. A174 Linkage price (\$0.6782) | - | 96.4% | - |

* No other variables changed

| A175 | Base New (2020) COP | Current Lay Cycle* | Target Lay Cycle* |
|--|---------------------|--------------------|-------------------|
| Lay cycle (weeks) | 56.1 | 60 | 58 |
| Equivalent (\$/doz) | \$7.2035 | \$6.7603 | \$6.9674 |
| Equivalent (per chick) | \$0.7504 | \$0.7042 | \$0.7258 |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | \$0.1894 |
| Day-old (per chick) | \$0.9398 | \$0.8936 | \$0.9152 |
| Recovery | 100% | 100% | 100% |
| v. A175 Linkage price (\$0.7023)† | - | 99.7% | - |

* No other variables changed † BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increase)

| A176 | Base New (2020) COP | Current Lay Cycle* | Target Lay Cycle* |
|--|---------------------|--------------------|-------------------|
| Lay cycle (weeks) | 56.1 | 60 | 58 |
| Equivalent (\$/doz) | \$7.3550 | \$6.9027 | \$7.1141 |
| Equivalent (per chick) | \$0.7661 | \$0.7190 | \$0.7411 |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | \$0.1894 |
| Day-old (per chick) | \$0.9555 | \$0.9084 | \$0.9305 |
| Recovery | 100% | 100% | 100% |
| v. A176 Linkage price (\$0.7269)† | - | 101.1% | - |

* No other variables changed † BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increase)

| A177 | Base New (2020) COP | Current Lay Cycle* | Target Lay Cycle* |
|--|---------------------|--------------------|-------------------|
| Lay cycle (weeks) | 56.1 | 61 | 58 |
| Equivalent (\$/doz) | \$7.4911 | \$6.9364 | \$7.2459 |
| Equivalent (per chick) | \$0.7803 | \$0.7225 | \$0.7548 |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | \$0.1894 |
| Day-old (per chick) | \$0.9697 | \$0.9119 | \$0.9442 |
| Recovery | 100% | 100% | 100% |
| v. A177 Linkage price (\$0.7341)† | - | 101.6% | - |

* No other variables changed † BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increase)

| A178 | Base New (2020) COP | Current Lay Cycle* | Target Lay Cycle* |
|--|---------------------|--------------------|-------------------|
| Lay cycle (weeks) | 56.1 | 61 | 58 |
| Equivalent (\$/doz) | \$7.6708 | \$7.1027 | \$7.4196 |
| Equivalent (per chick) | \$0.7990 | \$0.7399 | \$0.7729 |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | \$0.1894 |
| Day-old (per chick) | \$0.9884 | \$0.9293 | \$0.9623 |
| Recovery | 100% | 100% | 100% |
| v. A178 Linkage price (\$0.7349)‡ | - | 99.3% | - |

* No other variables changed ‡ BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increase) and weight category change (decrease in live weight price of 2.0¢/kg).

| Price | A173 | A174 | A175 | A176 | A177 | A178 |
|---|-----------------------|-----------------------|-----------------------|-------------------|-------------------|-----------------------|
| New (2020) COP, Per S.C. | \$0.6874 | \$0.7038 | \$0.7042 | \$0.7190 | \$0.7225 | \$0.7399 |
| Linkage-COP, per S.C. | \$0.6681 | \$0.6782 | \$0.7023† | \$0.7269† | \$0.7341† | \$0.7349‡ |
| Difference | (\$0.0193) (1.93¢) | (\$0.0256) (2.56¢) | (\$0.0019) (0.19¢) | \$0.0079 0.79¢ | \$0.0116 1.16¢ | (\$0.0050) (0.50¢) |
| % Recovery vs. Linkage-COP-derived price | 97.2% | 96.4% | 99.7% | 101.1% | 101.6% | 99.3% |

† BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increased)

‡ BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increase) and weight category change (decrease in live weight price of 2.0¢/kg).

The comparison, possible by using the same lay cycle length for each period, and holding other variables constant, shows that the New (2020) COP-derived price exceeds the Linkage-COP-derived price in Periods A167 and A172 at 100% recovery. For Periods A168 to A171, the New (2020) COP-derived price is less than the Linkage-COP-derived price at 100% recovery.

The percentage recovery comparison ranges from 97.3% to 102.1%, or a band of 4.8% (1.86¢ deficient to 0.97¢ excessive, or a band of 2.83¢).

For periods A173 and A174, increasing feed prices and an upper guardrail limit caused returns as compared to the Linkage-derived price to decrease below a full return, at 97.2% and 96.4%, respectively. For Period A175, A176, and A177, the preapproval by BCFIRB to change the BC Chicken live price formula (to increase the upper guardrail) in response to escalating feed costs resulted in an increase to the Linkage-derived price and a return of 99.7%, 101.1% and 101.6% when compared. In A178, the BCFIRB preapproval to the use of an adjusted weight category caused the comparative recovery to drop to 99.3%.

Mechanisms Added

To further the analysis, the following table is presented to view the layering in of the mechanisms:

| Price per Saleable Chick | A173 | A174 | A175 | A176 | A177 | A178 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| New (2020) COP, Per S.C. | \$0.6874 | \$0.7038 | \$0.7042 | \$0.7190 | \$0.7225 | \$0.7399 |
| Mechanisms | | | | | | |
| +/- Feed ¹ | - | - | - | - | - | - |
| +/- Processing dates ² | - | - | - | - | - | - |
| +/- Breeder chick ³ | - | - | - | - | - | - |
| +/- Vaccine adjustment ⁴ | - | - | - | - | - | - |
| +/- Utilization ⁵ | - | - | - | - | - | - |
| +/- Industry Benefit Index ⁶ | \$0.0010 | \$0.0010 | \$0.0010 | \$0.0010 | \$0.0010 | \$0.0010 |
| +/- Hatch average ⁷ | - | - | - | - | - | - |
| +/- Ancillary revenues ⁸ | (\$0.0085) | (\$0.0085) | (\$0.0085) | (\$0.0085) | (\$0.0085) | (\$0.0085) |
| +/- New costs ⁹ | - | - | - | - | - | - |
| New (2020) COP with Mechanisms | \$0.6799 | \$0.6963 | \$0.6967 | \$0.7115 | \$0.7150 | \$0.7324 |

¹ No change to process; no change to price currently.

² Processing date (lay cycle) at 58 weeks in A172. Prices set at the then lay cycle length. No change to price.

³ Potential cost formula change, moving profit margin by hatcheries out of cost and into hatchery margin. No net change to day-old chick price to Growers.

⁴ No final formula or additional cost; no change to price currently.

⁵ Recommended approach as previous; no change to utilization outside of survey period. No change to price currently.

⁶ At the example rate of \$100,000 annually.

⁷ Adjustable once tracking of domestic hatch rates on a per-period basis is available. No change to price currently.

⁸ Estimated at lay cycle at 56.1 weeks.

⁹ Prospective mechanism; no change to price currently.

The New (2020) COP with Mechanisms Price would then have the Production Trimming efficiency applied. It should be noted that with having the efficiencies of Saleable Chick Payment and 70% Hatch in the Consolidated Order, the results of the surveys would have these efficiencies embedded already.

Efficiencies Added

| Price per Saleable Chick | A173 | A174 | A175 | A176 | A177 | A178 |
|--|------------|------------|------------|------------|------------|------------|
| New (2020) COP with Mechanisms | \$0.6799 | \$0.6963 | \$0.6967 | \$0.7115 | \$0.7150 | \$0.7324 |
| Expressed as Recovery of Cost | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Efficiencies | | | | | | |
| +/- Saleable Chick Payment | - | - | - | - | - | - |
| +/- 70% Hatch | - | - | - | - | - | - |
| +/- Production trimming ² | (\$0.0049) | (\$0.0050) | (\$0.0048) | (\$0.0048) | (\$0.0048) | (\$0.0049) |
| New (2020) COP w/ Mechanisms & Efficiencies – for Pricing | \$0.6750 | \$0.6913 | \$0.6919 | \$0.7067 | \$0.7102 | \$0.7275 |
| Expressed as Recovery of Cost | 99.3% | 99.3% | 99.3% | 99.3% | 99.3% | 99.3% |

² Periods A173-174 were at a 58-week lay cycle; A175-176 were at a 60-week lay cycle; A177-178 were at a 61-week lay cycle

Comparison – Efficient COP vs. Linkage

Comparing the New (2020) COP Price set at 99.2% to 99.3% recovery:

| Price per Saleable Chick | A173 | A174 | A175 | A176 | A177 | A178 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| New (2020) COP w/ Mechanisms & Efficiencies – for Pricing | \$0.6750 | \$0.6913 | \$0.6919 | \$0.7067 | \$0.7102 | \$0.7275 |
| Expressed as Recovery of Cost | 99.3% | 99.3% | 99.3% | 99.3% | 99.3% | 99.3% |
| Linkage-COP, per S.C. | \$0.6681 | \$0.6782 | \$0.7023 [†] | \$0.7269 [†] | \$0.7341 [†] | \$0.7349 [†] |
| Difference | (\$0.0069) (0.69¢) | (\$0.0131) (1.31¢) | \$0.0104 1.04¢ | \$0.0202 2.02¢ | \$0.0239 2.39¢ | \$0.0074 0.74¢ |
| % Recovery of efficient New (2020) COP-derived price* [Linkage vs. New (2020) COP with Mechanisms] | 98.3% | 97.4% | 100.8% | 102.9% | 103.4% | 101.0% |
| Spread not covered at Expressed Recovery of Cost | 1.0% | 1.9% | - | - | - | - |

*This is not to be confused with recovery parity (e.g., \$0.6681 / \$0.6933 = 96.4%).

[†] BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increased)

From A173, it is shown that the current Linkage-COP-derived price is less than the efficient New (2020) COP-derived price in two of six pricing periods.

Processing Dates

Simple average of lay cycle lengths of current pricing period and next pricing period. It was confirmed that lay cycle length can be input to the half-week. By way of example:

| | |
|--|-------------------|
| A178 – August 28 to October 22, 2022 | 60.8 weeks |
| <u>A179 – October 23 to December, 2022</u> | <u>60.0 weeks</u> |
| Average | 60.4 weeks |
| <u>COP input</u> | <u>60.5 weeks</u> |

Breeder Chick Pricing & Formulae

In the March 4, 2022 Final Proposed COP-Based Pricing Package was a proposed breeder chick pricing formula. Since post-approval implementation work began, the BCEHA has provided some transparency and substantiation to some of the costs previously identified in the formulae. New costs were proposed which may or may not be in keeping with BCFIRB's approval decision. As a result, this formula is still being discussed.

All costs that comprise the breeder chick price that is to be set, by the Commission and anticipated starting in period A179, must be sourced transparently to the Commission. It is understood that certain figures are sensitive and not to be further disseminated; the Commission endeavors to maintain this confidentiality through providing a high-level analysis of changes in breeder chick pricing on a period-by-period basis.

A final draft breeder chick price summary, pending final resolution, is as follows:

| BREEDER CHICK PRICING FOR PERIOD A179 | | | |
|--|-----------------|---------------------|-------------------|
| <u>Component</u> | <u>Currency</u> | <u>Female Total</u> | <u>Male Total</u> |
| Breeder company cost | USD | \$ 8.1695 | \$ 11.5976 |
| Services | USD | 0.0500 | 0.0500 |
| Vaccinest† | USD | 0.1907 | 0.2029 |
| Subtotal | USD | \$ 8.4102 | \$ 11.8505 |
| Forex rate | | 1.3719 | 1.3719 |
| Subtotal | CAD | \$ 11.5380 | \$ 16.2577 |
| Other (delivery, bloods/SE) | | 0.0564 | 0.0564 |
| Total cost (hatchery selling price) | CAD | \$ 11.5944 | \$ 16.3141 |
| Rounded | CAD | \$ 11.59 | \$ 16.31 |

† In ovo; does not include 2 to 20-week vaccine program sleeve

DRAFT summary report to PPAC

The breeder chick price, as a reminder, is both used as the forthcoming period's price that a hatchery can charge producers for their day-old broiler breeder females and males placed, and used in the COP price relating to the eggs and chicks that come from that placement in future.

Per page 80 of the March 4, 2022 Pricing Package submission, the updated table for actuals:

Females:

| Period of Original Cost to Producer | Periods cost is brought into COP for pricing purposes | | | | | | | | | |
|-------------------------------------|---|---------|---------|---------|---------|---------|---------|---------|---------|-----|
| | ... | A175 | A176 | A177 | A178 | A179 | A180 | A181 | A182 | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| A173 | ... | | \$11.08 | \$11.08 | \$11.08 | \$11.08 | | | | ... |
| A174 | ... | | | \$12.61 | \$12.61 | \$12.61 | \$12.61 | | | ... |
| A175 | ... | | | | \$12.70 | \$12.70 | \$12.70 | \$12.70 | | ... |
| A176 | ... | | | | | \$12.70 | \$12.70 | \$12.70 | \$12.70 | ... |
| A177 | ... | | | | | | \$12.70 | \$12.70 | \$12.70 | ... |
| A178 | ... | | | | | | | \$12.70 | \$12.70 | ... |
| A179 | ... | | | | | | | | \$11.59 | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| AVG | ... | \$11.05 | \$11.01 | \$11.42 | \$11.84 | \$12.27 | \$12.68 | \$12.70 | \$12.42 | ... |

Males:

| Period of Original Cost to Producer | Periods cost is brought into COP for pricing purposes | | | | | | | | | |
|-------------------------------------|---|---------|---------|---------|---------|---------|---------|---------|---------|-----|
| | ... | A175 | A176 | A177 | A178 | A179 | A180 | A181 | A182 | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| A173 | ... | | \$15.58 | \$15.58 | \$15.58 | \$15.58 | | | | ... |
| A174 | ... | | | \$17.97 | \$17.97 | \$17.97 | \$17.97 | | | ... |
| A175 | ... | | | | \$18.12 | \$18.12 | \$18.12 | \$18.12 | | ... |
| A176 | ... | | | | | \$18.12 | \$18.12 | \$18.12 | \$18.12 | ... |
| A177 | ... | | | | | | \$18.12 | \$18.12 | \$18.12 | ... |
| A178 | ... | | | | | | | \$18.12 | \$18.12 | ... |
| A179 | ... | | | | | | | | \$16.31 | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| AVG | ... | \$15.56 | \$15.46 | \$16.10 | \$16.77 | \$17.45 | \$18.08 | \$18.12 | \$17.67 | ... |

Vaccine Pricing

The cost sleeve has been set at \$1.61 per bird, a non-indexed value.

Industry Benefit Index (IBI)

As noted in the March 4, 2022 Final Proposed COP-Based Pricing Package, a compilation is required of the portion of the historical Linkage levy portion used for items that benefit the entire chicken industry. These may include management of the Official Flock Schedule, industry initiatives such as the SE sampling, blood work programs, and audit verification processes (e.g., chick quality concerns).

To that end, the line items below represent such industry betterment costs (as derived from our publicly posted audited financial statements):

| Expense | IBI | 2021 | 2020 | 2019 | Estimated Inclusion |
|--|-----|----------------|------------------|----------------|---------------------|
| Advertising and promotion | | 5,500 | 4,850 | 8,046 | - |
| Amortization | | 106,812 | 97,680 | 78,144 | - |
| Animal Health Lab | ✓ | 77,110 | 94,690 | 91,780 | 95,000 |
| BCBHEP Association | | 105,126 | 67,182 | 141,753 | - |
| BC Poultry Conference | | 0 | 3,978 | 9,413 | - |
| Breaker quality eggs | | 776,321 | 569,915 | 572,125 | - |
| CHEP levy | | 267,534 | 292,826 | 366,442 | - |
| Chairman and members' per diems | | 139,548 | 141,516 | 157,078 | - |
| Disaster-related production management expenses | ~ | 18,000 | 670,508 | 0 | 0 |
| Interest and bank charges | | 1,780 | 1,685 | 1,758 | - |
| Legal and accounting | | 56,417 | 60,915 | 38,001 | - |
| Office and miscellaneous | | 75,136 | 71,401 | 80,847 | - |
| Office rent | | 58,708 | 76,987 | 33,571 | - |
| Pricing expense | | 53,619 | 65,080 | 17,957 | - |
| Professional services | | 20,725 | 41,649 | 26,460 | - |
| Quality assurance expenses | ✓ | 149,722 | 311,318 | 721,569 | 150,000 |
| Research and development, standards, biosecurity | | 11,993 | 15,852 | 37,293 | - |
| SE project expenses | ✓ | 22,639 | 13,933 | 15,949 | 15,000 |
| Telephone | | 9,179 | 8,637 | 8,701 | - |
| Travel | | 8,664 | 15,322 | 66,693 | - |
| Wages and benefits | | 557,827 | 528,430 | 524,000 | - |
| IBI expenses | | 267,471 | 1,090,449 | 829,298 | 260,000 |

As shown above, the expenses that may be identified as IBI-related may vary year-to-year. Generally, the Animal Health Lab expense is fairly consistent with the exception of 2021 being lower due to the lab not operating after mid-November due to flooding. Quality assurance, which includes transfer of or removal of product (i.e., disease tools), is budgeted annually but circumstances requiring use of funds are unpredictable.

Therefore, it may be necessary to establish the IBI with two parts:

1. Expenses that are estimable/predictable.
2. Expenses that are variable and are recovered for a duration of time.

In recovering expenses, the second part, the duration should not be so short as to create a significant increase in the price that unduly impacts the supply chain. Given that the Commission has sufficient and appropriate financial tools and resources at hand, the impact could be mitigated through a longer recovery period.

It is also noted that producers have flocks that enter and cease production at varying points of the year (e.g., all-in, all-out versus multiple flocks per year) and have paid into the levy for which a portion pays for these IBI-related expenses.

As shown in the table, it is estimated the IBI will be set at \$260,000, recovered annually. With the final CHEP allocation for 2022 set at 123,999,730 hatching eggs, the recovery is provisionally set at \$0.0252 per dozen (0.2621¢ per saleable chick based on an 80% saleable rate). Based on the nature of it being an estimate based on recent actuals, the IBI should be reviewed each pricing period by the Board and advice sought from PPAC for any proposed adjustments.

Production Trimming

To provide for an efficiency factor within the COP surveys, upon which the COP price is based, a trimmed average of 5%, both top and bottom, of the total data sets of flocks that finished producing is required.

The surveys with the first pullet placement moving into the lay barn was January 1, 2019 and the last lay birds pulled from a barn was October 3, 2020. This is the summary information as provided by Serecon Inc. as the Commission is not privy to actual surveyed results to maintain confidentiality.

Therefore, based on life-of-flock data housed by the Commission, provided by way of the hatcheries, eggs/hen figures are as follows:

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|--|---|----------------------|----------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production) | 2021-08-28 to 2022-08-27 | 139.44 | (1.75 eggs/hen) (1.24%) |
| Rolling One-Year Trimmed (Current Production) | 2021-08-28 to 2022-08-27 | 144.15 | 2.96 eggs/hen 2.10% |

By way of example, the A178 period can be viewed with the eggs/hen as during the survey period, the rolling one-year preceding the current pricing period, and the rolling one-year preceding the current pricing period with trimming:

| A178 | Survey Period (Surveyed Production) | Rolling One-Year (Current Production decrease of 1.24%) | Rolling One-Year Trimmed (Current Production increase of 2.10%) |
|--|-------------------------------------|---|---|
| | <i>Full Price...</i> | <i>...At Current Production...</i> | <i>...Trimmed</i> |
| Lay cycle (weeks) | 61 | 61 | 61 |
| Equivalent (\$/doz) | \$7.1027 | \$7.1909 | \$6.9535 |
| Equivalent (per chick) | \$0.7399 | \$0.7491 | \$0.7243 |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | \$0.1894 |
| Day-old (per chick) | \$0.9293 | \$0.9385 | \$0.9137 |
| Recovery | 100% | 101.24% | 97.90% |
| v. A178 Linkage price (\$0.7349)‡ | 99.3% | 98.1% | 101.5% |

This shows that although production (eggs/hen) has decreased since the survey period by 1.75 eggs per hen (1.24%), the production trimming offsets this through the removal of the bottom and top 5% of flocks and yields an increase of 2.96 eggs per hen (2.10%) versus the survey period.

Applying this efficiency of 2.10% to the most available COP pricing yields the following:

| A178 | Base New (2020) COP | Production Trimming efficiency added (2.10%) | Change |
|-------------------------|---------------------|--|------------|
| Lay cycle (weeks) | 56.1 | 56.1 | - |
| Equivalent (\$/doz) | \$7.6708 | \$7.5097 | (\$0.1611) |
| Equivalent (per chick) | \$0.7990 | \$0.7822 | (\$0.0168) |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | - |
| Day-old (per chick) | \$0.9884 | \$0.9716 | (\$0.0168) |
| Recovery | 100% | 97.90% | (2.10%) |

| A178 | Current Lay Cycle* | Production Trimming efficiency added (2.10%) | Change |
|-----------------------------------|--------------------|--|------------|
| Lay cycle (weeks) | 61 | 61 | - |
| Equivalent (\$/doz) | \$7.1027 | \$6.9535 | (\$0.1492) |
| Equivalent (per chick) | \$0.7399 | \$0.7243 | (\$0.0156) |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | - |
| Day-old (per chick) | \$0.9293 | \$0.9137 | (\$0.0156) |
| Recovery | 100% | 97.90% | (2.10%) |
| v. A178 Linkage price (\$0.7349)‡ | 99.3% | 101.5% | 2.2% |

| A178 | Target Lay Cycle* | Production Trimming efficiency added (2.10%) | Change |
|-------------------------|-------------------|--|------------|
| Lay cycle (weeks) | 58 | 58 | - |
| Equivalent (\$/doz) | \$7.4196 | \$7.2638 | (\$0.1558) |
| Equivalent (per chick) | \$0.7729 | \$0.7566 | (\$0.0163) |
| Hatchery margin (fixed) | \$0.1894 | \$0.1894 | - |
| Day-old (per chick) | \$0.9623 | \$0.9460 | (\$0.0163) |
| Recovery | 100% | 97.90% | (2.10%) |

* No other variables changed ‡ BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increase) and weight category change (decrease in live weight price of 2.0¢/kg).

The Commission aims to provide PPAC with information in each pricing period package that incorporates the production trimming, alongside the ceiling to the price as permitted under the graduated or phase-in schedule (i.e., the ceiling of 95.0% for A179).

Period A179 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|-------------------|-------------------|
| Breeder Chicks | October 23, 2022 | December 17, 2022 |
| Hatching Eggs | October 23, 2022 | December 17, 2022 |
| Saleable Chicks* | November 13, 2022 | January 7, 2022 |
| Day-Old Broiler Chick* | November 13, 2022 | January 7, 2022 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A179) *COP-based | Previous (A178) *Linkage-based | Change |
|--------------------------|---|-----------------------------------|---|
| Lay cycle length | 60.5 weeks | 61.0 weeks | ▼ (0.5) weeks |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.45 / bird | ▲ \$0.16 / bird |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | Not included previously | ▲ \$0.0252 / dozen or 0.2621¢ / saleable chick |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|--|--|----------------------|----------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production) | 2021-08-28 to 2022-08-27 | 139.44 | (1.75 eggs/hen) (1.24%) |
| Rolling One-Year Trimmed (Current Production) | 2021-08-28 to 2022-08-27 | 144.15 | 2.96 eggs/hen 2.10% |

Breeder Chick Price

| Component | Currency | Female | Male |
|-------------------------------|----------|------------------|------------------|
| Breeder company cost | USD | \$8.1695 | \$11.5976 |
| Services | USD | 0.0500 | 0.0500 |
| Vaccines† | USD | 0.1907 | 0.2029 |
| Subtotal | USD | \$8.4102 | \$11.8505 |
| Forex rate | | 1.3719 | 1.3719 |
| Subtotal | CAD | \$11.5380 | \$16.2577 |
| Other (delivery, bloods / SE) | CAD | 0.0564 | 0.0564 |
| Total | CAD | \$11.5944 | \$16.3141 |
| Rounded | CAD | \$11.59 | \$16.31 |

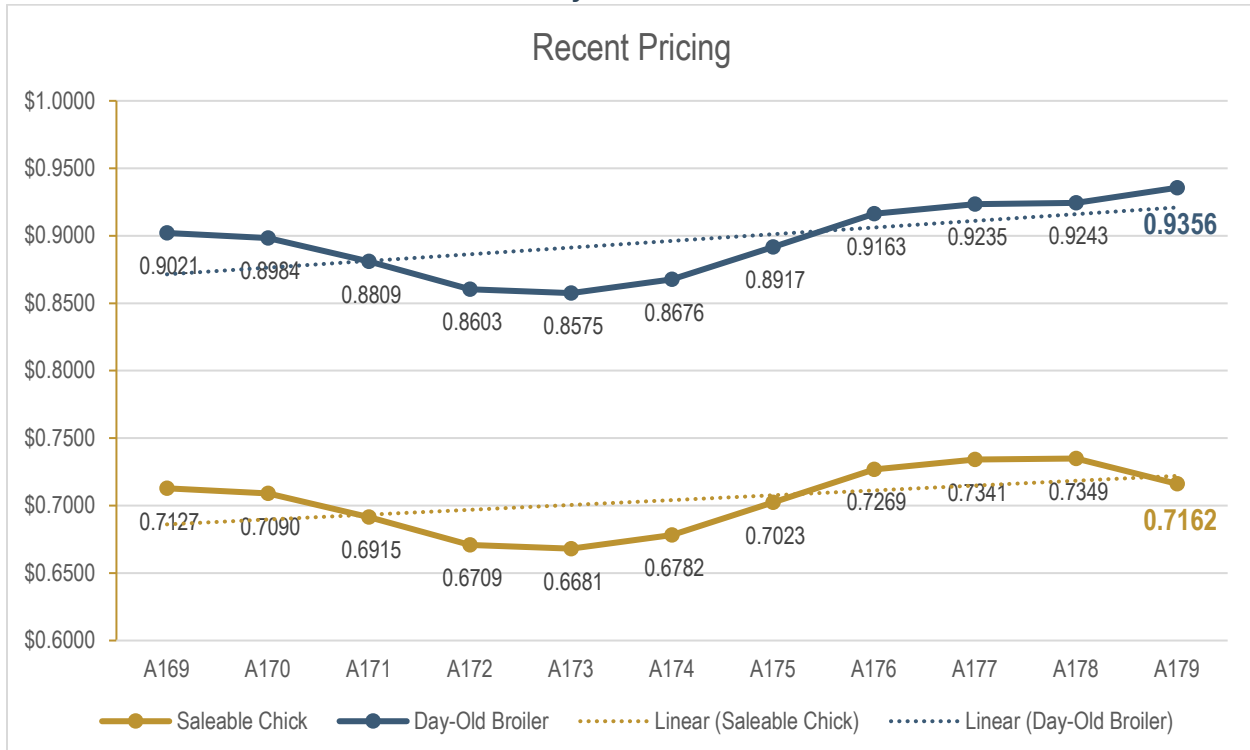
† In ovo; does not include 2 to 20-week vaccine program sleeve

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A179 | Survey Period (Surveyed Production) | Rolling One-Year (Current Production decrease of 1.24%) | Price set at lower of: | |
|--|---|---|--|------------------------|
| | | | Rolling One-Year Trimmed (Current Production increase of 2.10%) | Phase-in Step |
| | <i>Full Price...</i> | <i>...At Current Production...</i> | <i>...Trimmed</i> | Step 1 at 95.0% |
| Lay cycle (weeks) | 60.5 | 60.5 | 60.5 | 60.5 |
| Equivalent (\$/doz) | \$7.2377 | \$7.3274 | \$7.0857 | \$6.8758 |
| Equivalent (per chick) | \$0.7565 | \$0.7633 | \$0.7381 | \$0.7162 |
| Hatchery margin (fixed) | \$0.2194 | \$0.2194 | \$0.2194 | \$0.2194 |
| Day-old (per chick) | \$0.9759 | \$0.9827 | \$0.9575 | \$0.9356 |
| Recovery | 100% | 101.24% | 97.90% | 95.00% |
| v. A179 Linkage price (\$0.7451)‡ | 98.5% | 97.6% | 100.9% | n/a |

‡ BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increase) and weight category change (decrease in live weight price of 2.0¢/kg). This comparison is required for two pricing periods post implementation (i.e., A179 and A180) per the June 3, 2022 BCFIRB decision – users are cautioned the Linkage-based price relies upon the previous COP surveys and that the Saleable Chick price uses the former \$0.1894 hatchery margin yielding a day-old price of \$0.9345 per chick.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. Starting A179, the hatchery margin is \$0.2194.

Period A180 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|-------------------|-------------------|
| Breeder Chicks | December 18, 2022 | February 11, 2023 |
| Hatching Eggs | December 18, 2022 | February 11, 2023 |
| Saleable Chicks* | January 8, 2023 | March 4, 2023 |
| Day-Old Broiler Chick* | January 8, 2023 | March 4, 2023 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A180) *COP-based | Previous (A179) *COP-based | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 60.5 weeks | 60.5 weeks | ↔ no change |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|--|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production) | 2021-10-23 to 2022-10-22 | 141.83 | 0.64 eggs/hen 0.45% |
| Rolling One-Year Trimmed (Current Production) | 2021-10-23 to 2022-10-22 | 145.66 | 4.47 eggs/hen 3.17% |

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|-------------------------------|----------|-------------------------|------------------------|-------------------------|------------------------|
| Breeder company cost | USD | \$8.1695 | \$ - | \$11.5976 | \$ - |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | <u>0.1907</u> | - | <u>0.2029</u> | - |
| Subtotal | USD | \$8.4102 | \$ - | \$11.8505 | \$ - |
| Forex rate | | <u>1.3849</u> | <u>0.013</u> | <u>1.3849</u> | <u>0.013</u> |
| Subtotal | CAD | \$11.6473 | \$0.1093 | \$16.4118 | \$0.1541 |
| Other (delivery, bloods / SE) | CAD | <u>0.0568</u> | <u>0.0004</u> | <u>0.0568</u> | <u>0.0004</u> |
| Total | CAD | <u>\$11.7041</u> | <u>\$0.1097</u> | <u>\$16.4686</u> | <u>\$0.1545</u> |
| Rounded | CAD | <u>\$11.70</u> | <u>\$0.11</u> | <u>\$16.47</u> | <u>\$0.16</u> |

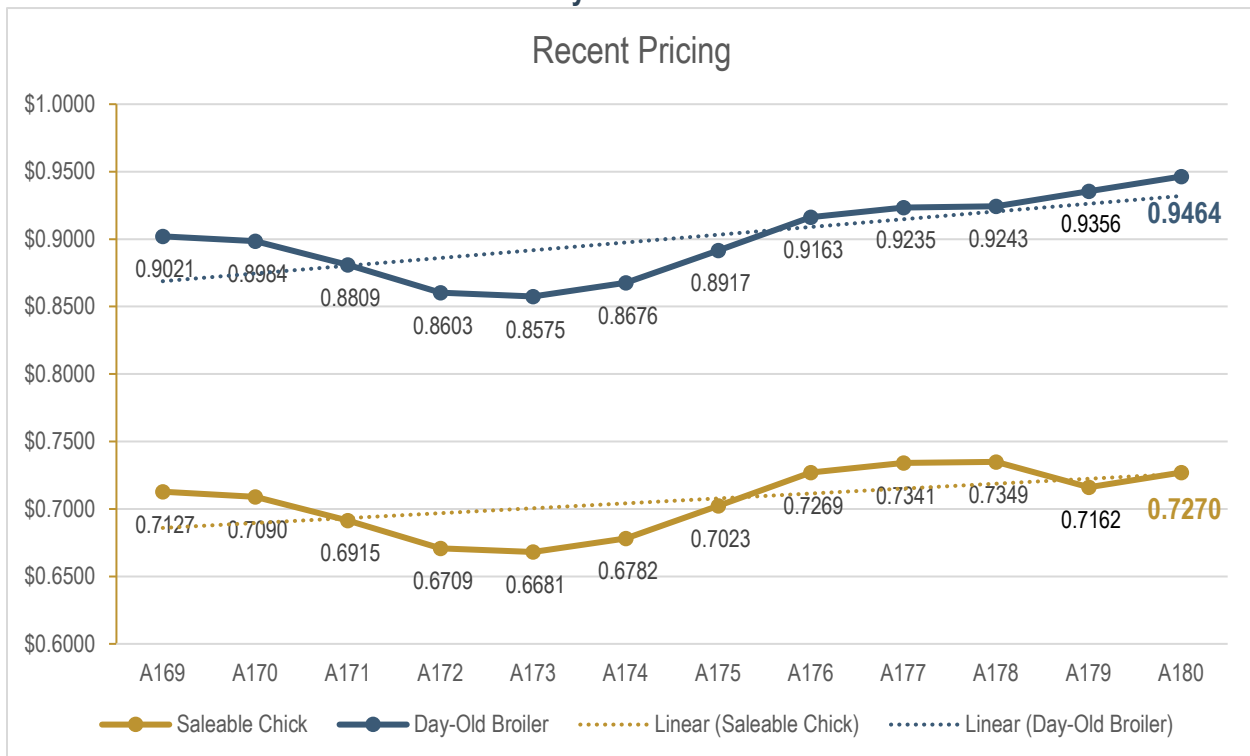
† In ovo; does not include 2 to 20-week vaccine program sleeve

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A180 | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at 100.45%) | Price set at lower of: | |
|--|---|---|---|-----------------|
| | | | Rolling One-Year Trimmed (Current Production at 103.17%) | Phase-in Step |
| | Full Price... | ...At Current Production... | ...Trimmed | Step 2 at 95.5% |
| Lay cycle (weeks) | 60.5 | 60.5 | 60.5 | 60.5 |
| Equivalent (\$/doz) | \$7.3080 | \$7.2753 | \$7.0834 | \$6.9791 |
| Equivalent (per chick) | \$0.7613 | \$0.7578 | \$0.7379 | \$0.7270 |
| Hatchery margin (fixed) | \$0.2194 | \$0.2194 | \$0.2194 | \$0.2194 |
| Day-old (per chick) | \$0.9807 | \$0.9772 | \$0.9573 | \$0.9464 |
| Recovery of full price | 100% | 99.55% | 96.93% | 95.50% |
| v. A180 Linkage price (\$0.7479)‡ | 98.2% | 98.7% | 101.4% | n/a |

‡ BCFIRB preapproval of BC Chicken live price formula change granted (upper guardrail increase) and weight category change (decrease in live weight price of 2.0¢/kg). This comparison is required for two pricing periods post implementation (i.e., A179 and A180) per the June 3, 2022 BCFIRB decision – users are cautioned the Linkage-based price relies upon the previous COP surveys and that the Saleable Chick price uses the former \$0.1894 hatchery margin yielding a day-old price of \$0.9373 per chick.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. Starting A179, the hatchery margin is \$0.2194.

Period A180 Proposed Breeder Chick Pricing Adjustment

Breeder Chick Pricing – Foreign Exchange Component

The BCEHA informed the Commission on December 5, 2022, of its concern that the formula is resulting in instances where the amount chargeable to producers is not enough to offset the amount charged by the breeder companies.

Upon review, this may be due to a change in foreign exchange rate during the 8-week period. There was no indication at that point it was a systemic problem and a response that the matter will be monitored over the coming periods was provided, along with further discussion planned with the BCEHA on December 15, 2022.

On December 15, 2022, the Commission provided a review of the daily Bank of Canada CAD-USD exchange rate for A179 versus the rate used per the formula to-date. The seven weeks of data did reveal that at times, the Canadian dollar weakened and pushed the actual rate of exchange into a negative territory; conversely, there were days in which the Canadian dollar strengthened and the inverse was true.

Although there was generally only one period of information, the BCEHA reiterated that a delay to review whether the problem was systemic was not acceptable. Coupled with a lack of options presented by the BCEHA, the timing of the request did not make it possible to further investigate changing the breeder chick pricing methodology per the Implementation Plan timeline; the price was set in accordance with the formula and effective December 18, 2022.

Committed to further review, the Commission extended its analysis back to the beginning of 2022 to get a truer sense of how far the deviation between the set foreign exchange rate and actual rate on any one day may be. This information was presented to the BCEHA at a meeting held on January 4, 2023. What became readily apparent was the level of in-depth calculations that were required to even begin understanding whether an adjustment to the foreign exchange component was necessary.

Two options were proposed from this work:

1. Consider altering the reference point of the foreign exchange rate to the greater of:
 - the previous monthly average (plus buy sleeve); or
 - the spot/daily rate at the end of the sixth week of the period (plus buy sleeve)
2. Add an additional sleeve for volatility.

Option 1 adds additional complexity and calculations, and can overinflate the estimation for foreign exchange in the coming pricing period. Option 2 would add a permanent cost increase to breeder chicks and would be passed further along the value chain. Neither option was palatable.

A third option, suggested by the BCEHA, was to simply provide the price per the formula in USD, reducing or eliminating the issues described above. One of the key principles of the original submission was opting for less complex solutions where possible. Under this approach, the producer would either accept the spot/daily rate offered by their financial institution upon issuing a USD draft, for example, or at a rate on previously converted funds (e.g., USD chequing account).

As a reminder, for COP pricing considerations, breeder chick cost is captured over four pricing periods, three periods after the charge is incurred. For example, the cost of A180 breeder chicks placed gets pulled into pricing the resulting saleable chicks hatched from those breeder chicks in periods A183 to A186. Accurate costing can be applied into the COP with using the USD price converted by using the period's actual average foreign exchange rate. By doing so, risk is minimized to the hatcheries, a business and economic decision is available to the producers for making their payments, and costs can be more accurately estimated for inclusion into the COP.

Commission staff took this suggestion to the Board and reported back at the next BCEHA meeting on January 11, 2023 that the Commission was willing to work further on the requests and present these to the PPAC at a to-be-called meeting, tentatively set for January 13, 2023.

Breeder Chick Pricing – Base Price Increase

In addition to the foreign exchange concerns, the BCEHA informed the Commission at the January 4, 2023 meeting that the base price charged by breeder companies was increasing, effective January 1, 2023. This information was not presented to the Commission upon original call for information in early December 2022. Further discussion revealed that there may have been a communication issue between the breeder company and the hatcheries.

At this time, the Commission is in receipt of base price increases that permitted a recalculation of the price; the change is not insignificant. The BCEHA indicated it has not invoiced producers since January 1, 2023 to allow for a resolution to this issue to be found (i.e., the BCEHA is seeking an amendment to the A180 pricing order for breeder chicks).

In its review of the formula, should the base price of breeder chicks be made in USD, the Commission noted that the remaining amount that recognizes the cost of delivery and sampling for bloods and SE by hatcheries would be 'orphaned' in CAD. To reduce complexity, the BCEHA agreed at the January 11, 2023 meeting that these other costs be moved into the hatchery margin, on a similar conversion basis that the breeder chick margin was completed (that resulted in the 1.25 cents per saleable chick portion of the increase).

In doing so, $\$0.0568 / 115 \text{ saleable chicks} = 0.0494 \text{ cents per saleable chick}$, plus 12.5% in consideration of the males purchased ($0.0494 \text{ cents per saleable chick} \times 12.5\% = 0.0062 \text{ cents per saleable chick}$). The total is 0.0556 cents per saleable chick, or 0.06 cents per saleable chick rounded.

In other words, the hatchery margin would increase by 0.06 cents with a corresponding reduction in the base price of saleable chicks of 0.06 cents once fully implemented. All else equal, the day-old chick price, payable by Growers, would not be affected.

Breeder Chick Price – Recalculated

The recalculation of the breeder chick price for A180, effective January 1, 2023, is shown below:

| Component | Currency | Female | Previous | Male | Previous |
|--------------------------------------|----------|--------------------------|---------------------------|---------------------------|---------------------------|
| Breeder company cost | USD | \$9.0330 | \$8.1695 | \$13.2319 | \$11.5976 |
| Services | USD | 0.0500 | 0.0500 | 0.0500 | 0.0500 |
| Vaccines† | USD | <u>0.1907</u> | <u>0.1907</u> | <u>0.2029</u> | <u>0.2029</u> |
| Subtotal | USD | \$9.2737 | \$8.4102 | \$13.4848 | \$11.8505 |
| Forex rate | | | <u>1.3849</u> | | <u>1.3849</u> |
| Subtotal | CAD | | \$11.6473 | | \$16.4118 |
| Other (delivery, bloods / SE) | CAD | | <u>0.0568</u> | | <u>0.0568</u> |
| Total | | <u>US\$9.2737</u> | <u>CA\$11.7041</u> | <u>US\$13.4848</u> | <u>CA\$16.4686</u> |
| Rounded | | <u>US\$9.27</u> | <u>CA\$11.70</u> | <u>US\$13.48</u> | <u>CA\$16.47</u> |

† In ovo; does not include 2 to 20-week vaccine program sleeve

An amending order was prepared to this effect following stakeholder consultation.

Period A181 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|-------------------|----------------|
| Breeder Chicks | February 12, 2023 | April 8, 2023 |
| Hatching Eggs | February 12, 2023 | April 8, 2023 |
| Saleable Chicks* | March 5, 2023 | April 29, 2023 |
| Day-Old Broiler Chick* | March 5, 2023 | April 29, 2023 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A181) *COP-based | Previous (A180) *COP-based | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 60.5 weeks | 60.5 weeks | ↔ no change |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|---|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production) | 2021-12-18 to 2022-12-17 | 145.18 | 3.99 eggs/hen 2.82% |
| Rolling One-Year Trimmed (Current Production) | 2021-12-18 to 2022-12-17 | 146.59 | 5.40 eggs/hen 3.82% |

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A181 | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at 102.82%) | Price set at lower of: | |
|-------------------------|---|---|---|------------------------|
| | | | Rolling One-Year Trimmed (Current Production at 103.82%) | Phase-in Step |
| | <i>Full Price...</i> | <i>...At Current Production...</i> | <i>...Trimmed</i> | Step 3 at 96.0% |
| Lay cycle (weeks) | 60.5 | 60.5 | 60.5 | 60.5 |
| Equivalent (\$/doz) | \$7.4069 | \$7.2038 | \$7.1344 | \$7.1107 |
| Equivalent (per chick) | \$0.7716 | \$0.7504 | \$0.7432 | \$0.7407 |
| Hatchery margin (fixed) | \$0.2200 | \$0.2200 | \$0.2200 | \$0.2200 |
| Day-old (per chick) | \$0.9916 | \$0.9704 | \$0.9632 | \$0.9607 |
| Recovery of full price | 100% | 97.26% | 96.32% | 96.00% |

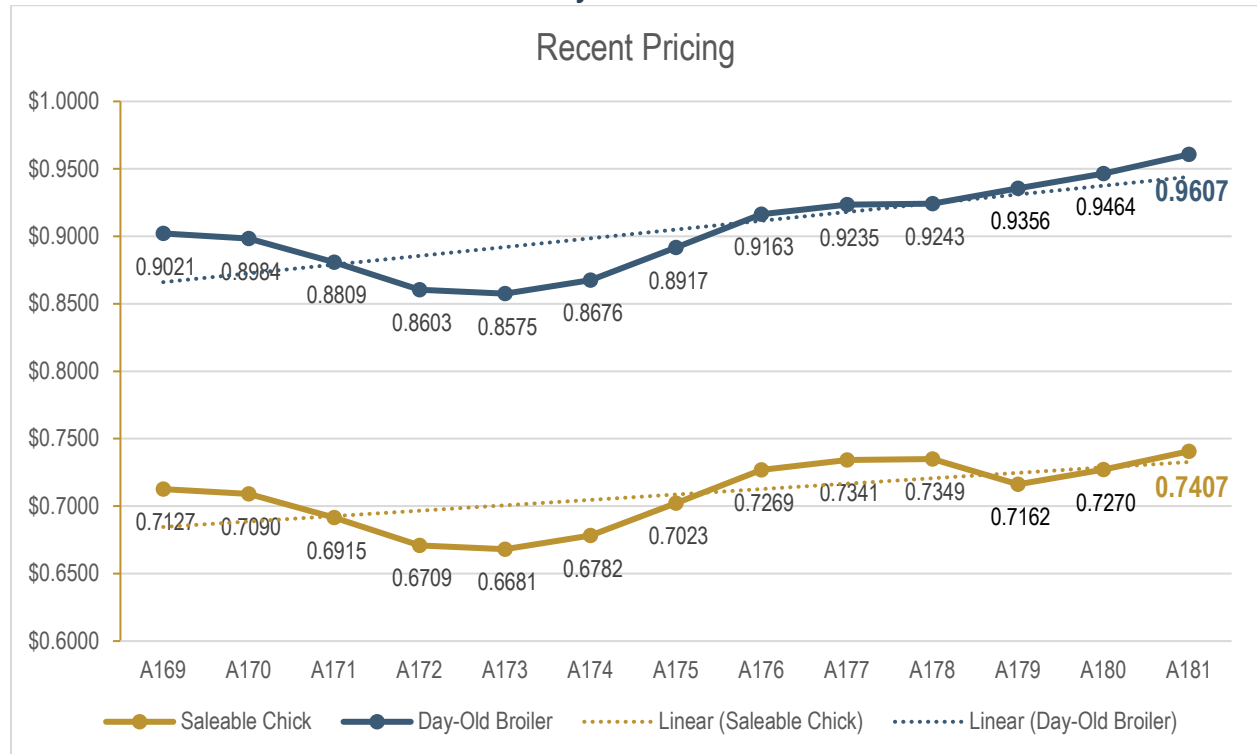
The net change to the saleable chick rate is an increase of 1.37 cents.

The baseline price (full price) per saleable chick increased 1.03 cents. The primary changes are:

- 0.28 cent increase in operating costs (0.23 cents relating to pullets);
- 0.06 cent increase in labour; and
- 0.69 cent increase in capital costs (0.32 and 0.31 cent increases in investment cost and operating interest, respectively).

Note that there is a net 0.34 cent increase on the application of the 96.0% phase-in step.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. For periods A179 and A180, the hatchery margin is \$0.2194, increasing to \$0.2200 for period A181 per the *Period A180 Proposed Breeder Chick Pricing Adjustment* section above.

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|----------------------|------------|-----------------|------------|------------------|------------|
| Breeder company cost | USD | \$9.0330 | \$ - | \$13.2319 | \$ - |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | 0.1907 | - | 0.2029 | - |
| Total | USD | \$9.2737 | \$- | \$13.4848 | \$- |

† In ovo; does not include 2 to 20-week vaccine program sleeve

Period A182 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|----------------|---------------|
| Breeder Chicks | April 9, 2023 | June 3, 2023 |
| Hatching Eggs | April 9, 2023 | June 3, 2023 |
| Saleable Chicks* | April 30, 2023 | June 24, 2023 |
| Day-Old Broiler Chick* | April 30, 2023 | June 24, 2023 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A182) | Previous (A181) | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 61.0 weeks | 60.5 weeks | ↑ 0.5 weeks |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|---|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production) | 2022-02-12 to 2023-02-11 | 145.69 | 4.50 eggs/hen 3.19% |
| Rolling One-Year Trimmed (Current Production) | 2022-02-12 to 2023-02-11 | 146.80 | 5.61 eggs/hen 3.97% |

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A182 | Price set at lower of: | | | |
|-------------------------|---|---|---|------------------------|
| | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at 103.19%) | Rolling One-Year Trimmed (Current Production at 103.97%) | Phase-in Step |
| | <i>Full Price...</i> | <i>...At Current Production...</i> | ...Trimmed | <i>Step 4 at 96.5%</i> |
| Lay cycle (weeks) | 61.0 | 61.0 | 61.0 | 61.0 |
| Equivalent (\$/doz) | \$7.3743 | \$7.1463 | \$7.0927 | \$7.1162 |
| Equivalent (per chick) | \$0.7682 | \$0.7444 | \$0.7388 | \$0.7413 |
| Hatchery margin (fixed) | \$0.2200 | \$0.2200 | \$0.2200 | \$0.2200 |
| Day-old (per chick) | \$0.9882 | \$0.9644 | \$0.9588 | \$0.9613 |
| Recovery of full price | 100% | 96.91% | 96.18% | 96.50% |

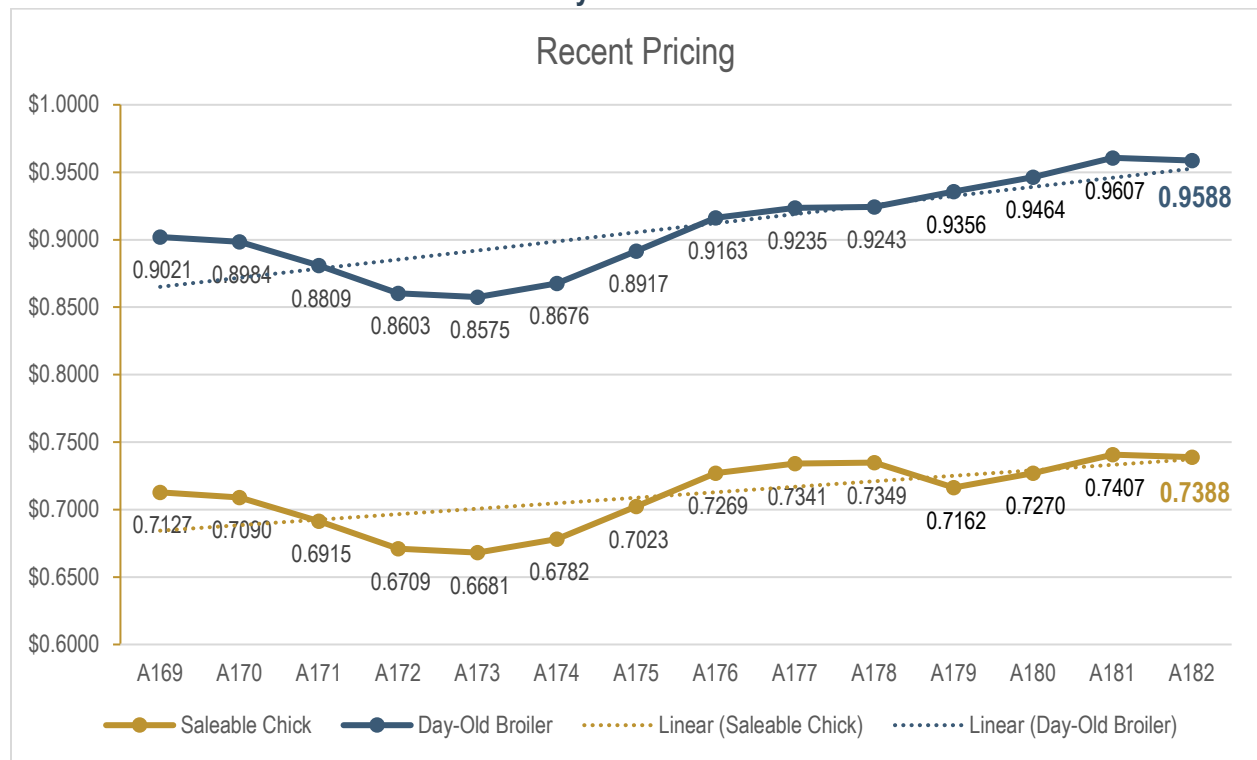
The net change to the saleable chick rate is a decrease of 0.19 cents.

The baseline price (full price) per saleable chick decreased 0.34 cents. The primary changes are:

- 0.10 cent increase in operating costs (0.12 cent decrease relating to pullets);
- 0.08 cent increase in labour;
- 0.26 cent increase in capital costs (0.25 and 0.00 cent increases in investment cost and operating interest, respectively); and
- 0.78 cent decrease due to lay cycle increase.

Note that there is a net 0.15 cent increase on the application of the 96.18% efficiency trim from the previous 96.0% phase-in step.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. For periods A179 and A180, the hatchery margin is \$0.2194, and \$0.2200 for periods A181 onward per the *Period A180 Proposed Breeder Chick Pricing Adjustment* section above.

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|----------------------|----------|-----------------|-------------------|------------------|-----------------|
| Breeder company cost | USD | \$9.0352 | \$0.0022 | \$13.3057 | \$0.0738 |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | 0.1462 | (0.0445) | 0.1498 | (0.0531) |
| Total | USD | \$9.2314 | (\$0.0423) | \$13.5055 | \$0.0207 |

† In ovo; does not include 2 to 20-week vaccine program sleeve

Period A183 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|---------------|-----------------|
| Breeder Chicks | June 4, 2023 | July 29, 2023 |
| Hatching Eggs | June 4, 2023 | July 29, 2023 |
| Saleable Chicks* | June 25, 2023 | August 19, 2023 |
| Day-Old Broiler Chick* | June 25, 2023 | August 19, 2023 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A183) | Previous (A182) | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 63.0 weeks | 61.0 weeks | ↑ 2.0 weeks |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|---|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production) | 2022-04-09 to 2023-04-08 | 146.45 | 5.26 eggs/hen 3.73% |
| Rolling One-Year Trimmed (Current Production) | 2022-04-09 to 2023-04-08 | 147.41 | 6.22 eggs/hen 4.41% |

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A183 | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at 103.73%) | Price set at lower of: | |
|-------------------------|---|---|---|------------------------|
| | | | Rolling One-Year Trimmed (Current Production at 104.41%) | Phase-in Step |
| | <i>Full Price...</i> | <i>...At Current Production...</i> | ...Trimmed | <i>Step 5 at 97.0%</i> |
| Lay cycle (weeks) | 63.0 | 63.0 | 63.0 | 63.0 |
| Equivalent (\$/doz) | \$7.2333 | \$6.9732 | \$6.9278 | \$7.0163 |
| Equivalent (per chick) | \$0.7535 | \$0.7264 | \$0.7216 | \$0.7309 |
| Hatchery margin (fixed) | \$0.2200 | \$0.2200 | \$0.2200 | \$0.2200 |
| Day-old (per chick) | \$0.9735 | \$0.9464 | \$0.9416 | \$0.9509 |
| Recovery of full price | 100% | 96.40% | 95.78% | 97.00% |

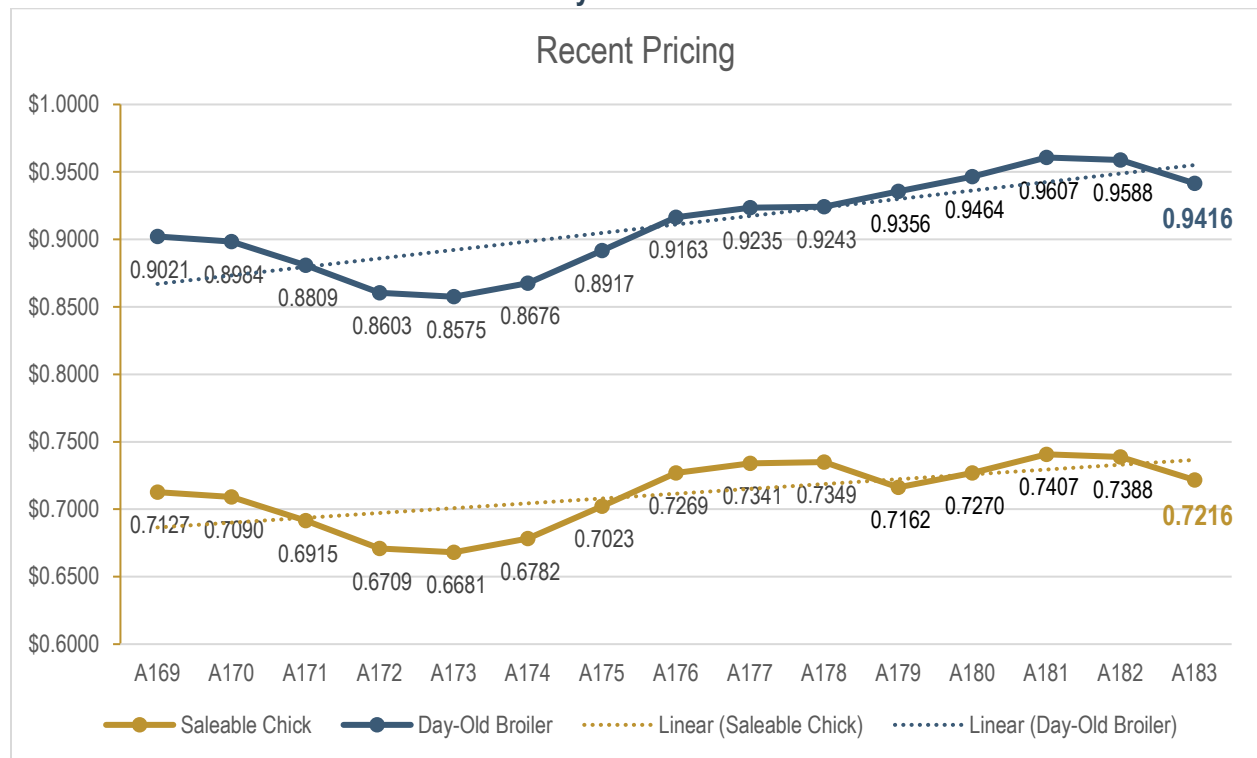
The net change to the saleable chick rate is a decrease of 1.72 cents (\$0.7216 vs. \$0.7388).

The baseline price (full price) per saleable chick decreased 1.47 cents. The primary changes are:

- 0.96 cent increase in operating costs (0.17 cent decrease relating to pullets);
- 0.29 cent increase in labour;
- 0.23 cent increase in capital costs (0.14 and 0.01 cent increases in investment cost and operating interest, respectively);
- 0.02 cent increase in ancillary revenue (reduction in expense); and
- 2.93 cent decrease due to lay cycle increase.

Note that there is a net 0.25 cent decrease on the application of the 95.78% efficiency trim from the previous 96.18% efficiency trim.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. For periods A179 and A180, the hatchery margin is \$0.2194, and \$0.2200 for periods A181 onward per the *Period A180 Proposed Breeder Chick Pricing Adjustment* section above.

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|----------------------|----------|-----------------|-----------------|------------------|-----------------|
| Breeder company cost | USD | \$9.0625 | \$0.0273 | \$13.3500 | \$0.0443 |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | 0.1460 | (0.0002) | 0.1494 | (0.0004) |
| Total | USD | \$9.2585 | \$0.0271 | \$13.5494 | \$0.0439 |

† In ovo; does not include 2 to 20-week vaccine program sleeve

Period A184 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|-----------------|--------------------|
| Breeder Chicks | July 30, 2023 | September 23, 2023 |
| Hatching Eggs | July 30, 2023 | September 23, 2023 |
| Saleable Chicks* | August 20, 2023 | October 14, 2023 |
| Day-Old Broiler Chick* | August 20, 2023 | October 14, 2023 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A184) | Previous (A183) | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 62.5 weeks | 63.0 weeks | ↓ 0.5 weeks |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|---|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production) | 2022-06-04 to 2023-06-03 | 143.81 | 2.62 eggs/hen 1.86% |
| Rolling One-Year Trimmed (Current Production) | 2022-06-04 to 2023-06-03 | 144.64 | 3.45 eggs/hen 2.45% |

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A184 | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at 101.86%) | Price set at lower of: | |
|-------------------------|---|---|---|------------------------|
| | | | Rolling One-Year Trimmed (Current Production at 102.45%) | Phase-in Step |
| | <i>Full Price...</i> | <i>...At Current Production...</i> | <i>...Trimmed</i> | Step 6 at 97.5% |
| Lay cycle (weeks) | 62.5 | 62.5 | 62.5 | 62.5 |
| Equivalent (\$/doz) | \$7.2546 | \$7.1221 | \$7.0811 | \$7.0732 |
| Equivalent (per chick) | \$0.7557 | \$0.7419 | \$0.7376 | \$0.7368 |
| Hatchery margin (fixed) | \$0.2200 | \$0.2200 | \$0.2200 | \$0.2200 |
| Day-old (per chick) | \$0.9757 | \$0.9619 | \$0.9576 | \$0.9568 |
| Recovery of full price | 100% | 98.17% | 97.61% | 97.50% |

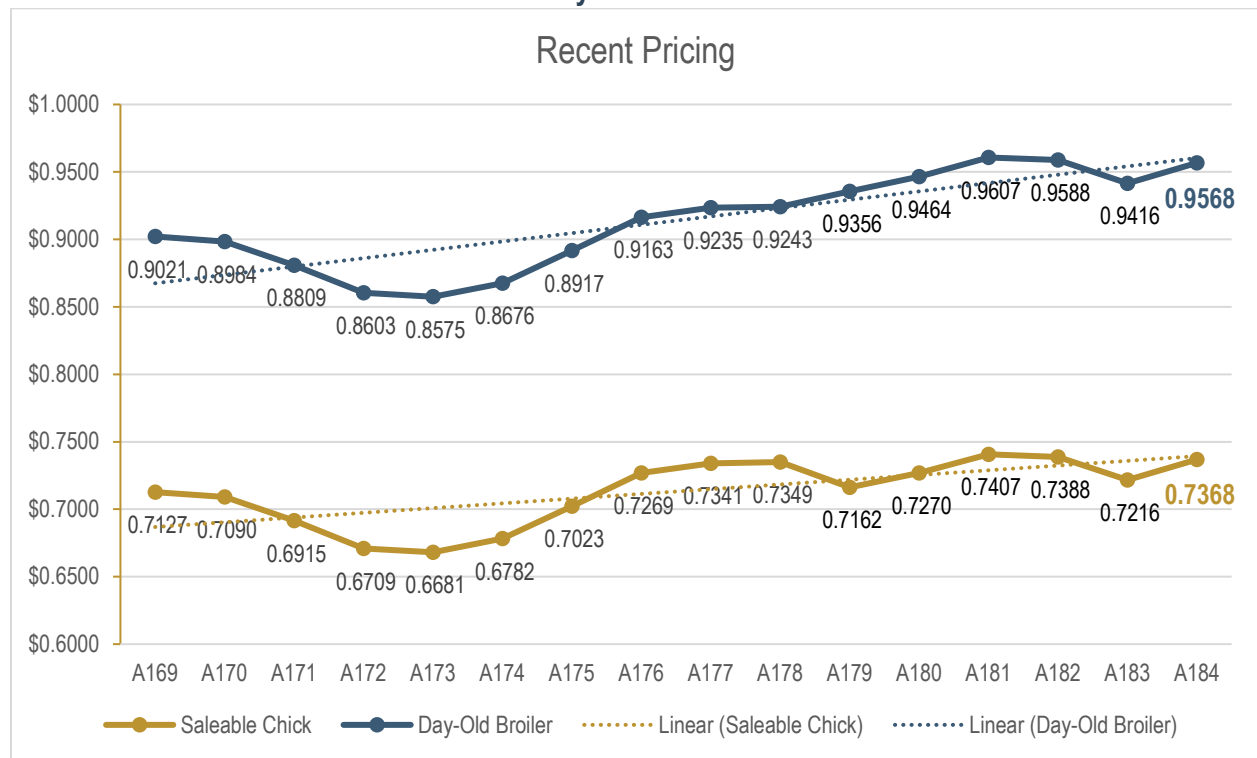
The net change to the saleable chick rate is an increase of 1.70 cents (\$0.7386 vs. \$0.7216).

The baseline price (full price) per saleable chick increased 0.22 cents. The primary changes are:

- 0.70 cent decrease in operating costs (0.24 cent decrease relating to pullets);
- 0.01 cent decrease in labour;
- 0.22 cent increase in capital costs (0.07 and 0.13 cent increases in investment cost and operating interest, respectively);
- 0.00 cent decrease in ancillary revenue (increase in expense); and
- 0.71 cent increase due to lay cycle decrease.

Note that there is a net 1.48 cent increase on the application of the 97.50% phase-in step from the previous 95.78% efficiency trim.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. For periods A179 and A180, the hatchery margin is \$0.2194, and \$0.2200 for periods A181 onward per the *Period A180 Proposed Breeder Chick Pricing Adjustment* section above.

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|----------------------|------------|-----------------|-------------|------------------|-------------|
| Breeder company cost | USD | \$9.0625 | \$ - | \$13.3500 | \$ - |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | 0.1460 | - | 0.1494 | - |
| Total | USD | \$9.2585 | \$ - | \$13.5494 | \$ - |

† In ovo; does not include 2 to 20-week vaccine program sleeve

Period A185 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|--------------------|-------------------|
| Breeder Chicks | September 24, 2023 | November 18, 2023 |
| Hatching Eggs | September 24, 2023 | November 18, 2023 |
| Saleable Chicks* | October 15, 2023 | December 9, 2023 |
| Day-Old Broiler Chick* | October 15, 2023 | December 9, 2023 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A185) | Previous (A184) | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 61.0 weeks | 62.5 weeks | ↓ 1.5 weeks |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|--|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production)* | 2022-07-30 to 2023-07-29 | N/A | N/A eggs/hen N/A % |
| Rolling One-Year Trimmed (Current Production)* | 2022-07-30 to 2023-07-29 | N/A | N/A eggs/hen N/A % |

*Full life-of-flock information was not received from all BCEHA hatcheries by the deadline to permit calculations to be run.

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A185 | Price set at lower of: | | | |
|-------------------------|---|--|--|------------------------|
| | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at N/A%) | Rolling One-Year Trimmed (Current Production at N/A%) | Phase-in Step |
| | Full Price... | ...At Current Production... | ...Trimmed | Step 7 at 98.0% |
| Lay cycle (weeks) | 61.0 | 61.0 | 61.0 | 61.0 |
| Equivalent (\$/doz) | \$7.3884 | N/A | N/A | \$7.2406 |
| Equivalent (per chick) | \$0.7696 | N/A | N/A | \$0.7542 |
| Hatchery margin (fixed) | \$0.2200 | N/A | N/A | \$0.2200 |
| Day-old (per chick) | \$0.9896 | N/A | N/A | \$0.9742 |
| Recovery of full price | 100% | N/A | N/A | 98.00% |

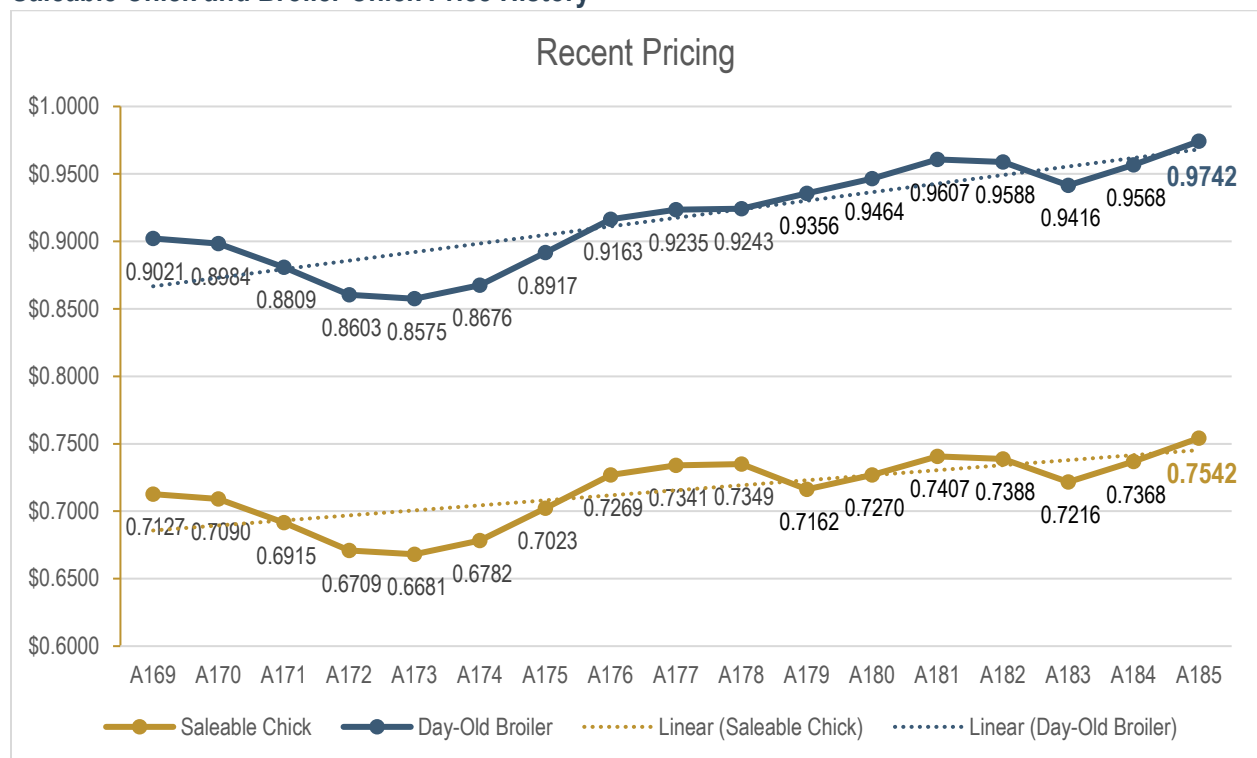
The net change to the saleable chick rate is an increase of 1.56 cents (\$0.7542 vs. \$0.7386).

The baseline price (full price) per saleable chick increased 1.39 cents. The primary changes are:

- 1.02 cent decrease in operating costs (0.11 cent decrease relating to pullets);
- 0.12 cent decrease in labour;
- 0.31 cent increase in capital costs (0.19 and 0.03 cent increases in investment cost and operating interest, respectively);
- 0.00 cent decrease in ancillary revenue (increase in expense); and
- 2.22 cent increase due to lay cycle decrease.

Note that there is a net 0.17 cent increase on the application of the 98.00% phase-in step from the previous 97.50% phase-in step.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. For periods A179 and A180, the hatchery margin is \$0.2194, and \$0.2200 for periods A181 onward per the *Period A180 Proposed Breeder Chick Pricing Adjustment* section above.

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|----------------------|----------|-----------------|------------------|------------------|------------------|
| Breeder company cost | USD | \$9.0633 | \$ 0.0008 | \$13.3531 | \$ 0.0031 |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | 0.1467 | 0.0007 | 0.1500 | 0.0006 |
| Total | USD | \$9.2600 | \$ 0.0015 | \$13.5531 | \$ 0.0037 |

† In ovo; does not include 2 to 20-week vaccine program sleeve

Period A186 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|-------------------|------------------|
| Breeder Chicks | November 19, 2023 | January 13, 2024 |
| Hatching Eggs | November 19, 2023 | January 13, 2024 |
| Saleable Chicks* | December 10, 2023 | February 3, 2024 |
| Day-Old Broiler Chick* | December 10, 2023 | February 3, 2024 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A186) | Previous (A185) | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 59.5 weeks | 61.0 weeks | ↓ 1.5 weeks |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|--|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production)* | 2022-09-24 to 2023-09-23 | N/A | N/A eggs/hen N/A % |
| Rolling One-Year Trimmed (Current Production)* | 2022-09-24 to 2023-09-23 | N/A | N/A eggs/hen N/A % |

*Full life-of-flock information was not received from all BCEHA hatcheries by the deadline to permit calculations to be run.

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A186 | Price set at lower of: | | | |
|-------------------------|---|--|--|------------------------|
| | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at N/A%) | Rolling One-Year Trimmed (Current Production at N/A%) | Phase-in Step |
| | Full Price... | ...At Current Production... | ...Trimmed | Step 8 at 98.5% |
| Lay cycle (weeks) | 59.5 | 59.5 | 59.5 | 59.5 |
| Equivalent (\$/doz) | \$7.5488 | N/A | N/A | \$7.4356 |
| Equivalent (per chick) | \$0.7863 | N/A | N/A | \$0.7745 |
| Hatchery margin (fixed) | \$0.2200 | N/A | N/A | \$0.2200 |
| Day-old (per chick) | \$1.0063 | N/A | N/A | \$0.9945 |
| Recovery of full price | 100% | N/A | N/A | 98.50% |

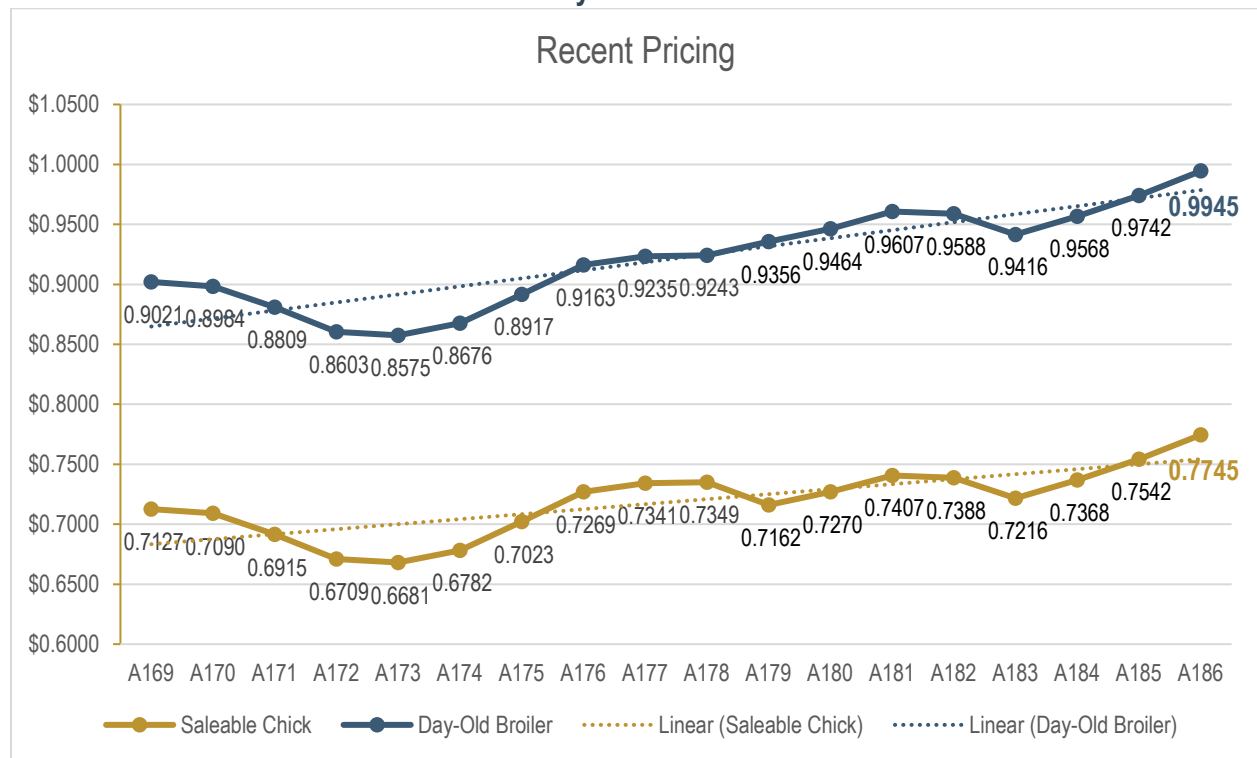
The net change to the saleable chick rate is an increase of 2.03 cents (\$0.7745 vs. \$0.7542).

The baseline price (full price) per saleable chick increased 1.67 cents. The primary changes are:

- 0.81 cent decrease in operating costs (0.02 cent increase relating to pullets);
- 0.14 cent decrease in labour;
- 0.18 cent increase in capital costs (0.13 cent increase and 0.00 cent decrease in investment cost and operating interest, respectively);
- 0.01 cent decrease in ancillary revenue (increase in expense); and
- 2.43 cent increase due to lay cycle decrease.

Note that there is a net 0.36 cent increase on the application of the 98.50% phase-in step from the previous 98.00% phase-in step.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. For periods A179 and A180, the hatchery margin is \$0.2194, and \$0.2200 for periods A181 onward per the *Period A180 Proposed Breeder Chick Pricing Adjustment* section above.

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|----------------------|------------|-----------------|-------------|------------------|-------------|
| Breeder company cost | USD | \$9.0633 | \$ - | \$13.3531 | \$ - |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | 0.1467 | - | 0.1500 | - |
| Total | USD | \$9.2600 | \$ - | \$13.5531 | \$ - |

† In ovo; does not include 2 to 20-week vaccine program sleeve

Period A187 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|------------------|----------------|
| Breeder Chicks | January 14, 2024 | March 9, 2024 |
| Hatching Eggs | January 14, 2024 | March 9, 2024 |
| Saleable Chicks* | February 4, 2024 | March 30, 2024 |
| Day-Old Broiler Chick* | February 4, 2024 | March 30, 2024 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current (A187) | Previous (A186) | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 60.0 weeks | 59.5 weeks | ↑ 0.5 weeks |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|--|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production)* | 2022-11-19 to 2023-11-18 | 144.86 | 3.67 eggs/hen 2.60% |
| Rolling One-Year Trimmed (Current Production)* | 2022-11-19 to 2023-11-18 | 146.24 | 5.05 eggs/hen 3.58% |

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| A187 | Price set at lower of: | | | |
|-------------------------|---|---|---|------------------------|
| | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at 102.60%) | Rolling One-Year Trimmed (Current Production at 103.58%) | Phase-in Step |
| | <i>Full Price...</i> | <i>...At Current Production...</i> | <i>...Trimmed</i> | <i>Step 9 at 99.0%</i> |
| Lay cycle (weeks) | 60.0 | 60.0 | 60.0 | 60.0 |
| Equivalent (\$/doz) | \$7.4331 | \$7.2447 | \$7.1762 | \$7.3588 |
| Equivalent (per chick) | \$0.7743 | \$0.7547 | \$0.7475 | \$0.7665 |
| Hatchery margin (fixed) | \$0.2200 | \$0.2200 | \$0.2200 | \$0.2200 |
| Day-old (per chick) | \$0.9943 | \$0.9747 | \$0.9675 | \$0.9865 |
| Recovery of full price | 100% | 97.47% | 96.54% | 99.00% |

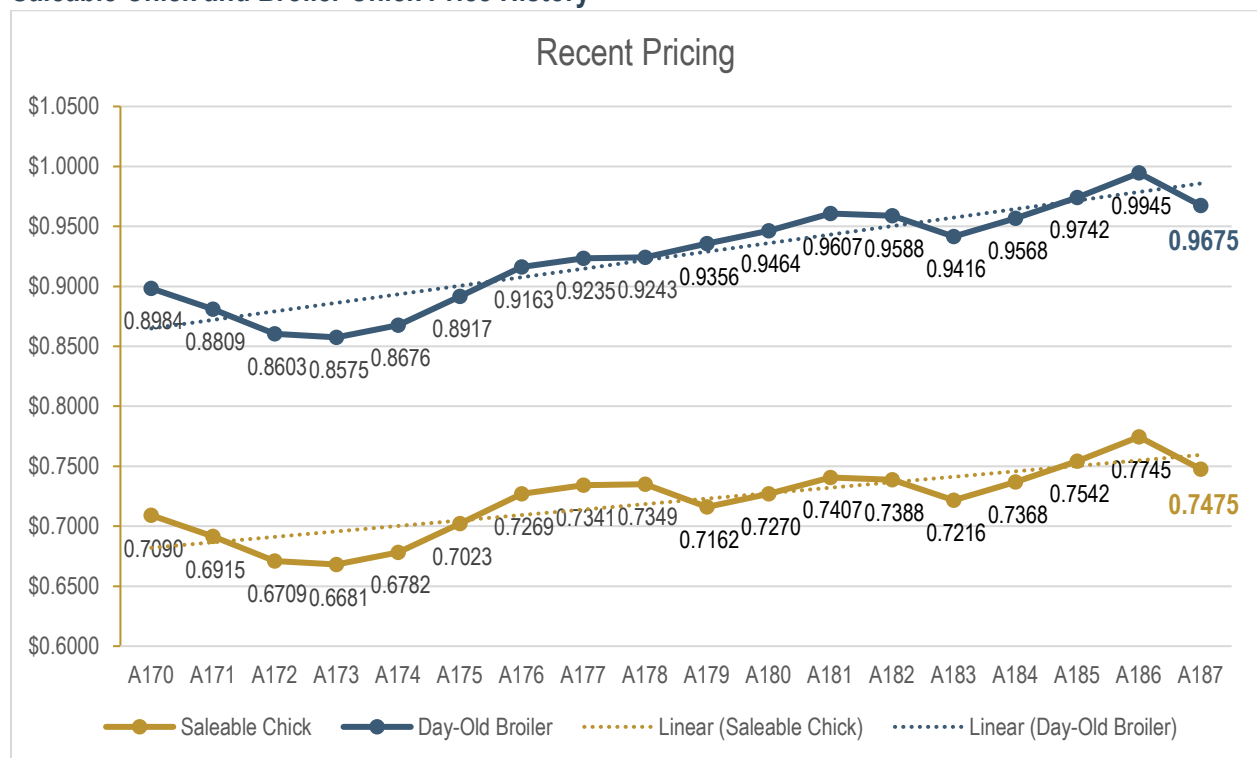
The net change to the saleable chick rate is a decrease of 2.70 cents (\$0.7475 vs. \$0.7745).

The baseline price (full price) per saleable chick decreased 1.20 cents. The primary changes are:

- 0.83 cent decrease in operating costs (0.11 cent decrease relating to pullets);
- 0.11 cent increase in labour;
- 0.35 cent increase in capital costs (0.26 cent increase and 0.05 cent decrease in investment cost and operating interest, respectively);
- 0.00 cent increase in ancillary revenue (decrease in expense); and
- 0.83 cent decrease due to lay cycle increase.

Note that there is a net 1.50 cent decrease on the application of the 96.54% efficiency trim from the previous 98.50% phase-in step.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. For periods A179 and A180, the hatchery margin is \$0.2194, and \$0.2200 for periods A181 onward per the *Period A180 Proposed Breeder Chick Pricing Adjustment* section above.

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|----------------------|----------|-----------------|-----------------|------------------|-----------------|
| Breeder company cost | USD | \$9.6499 | \$0.5866 | \$14.5631 | \$1.2100 |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | 0.1467 | - | 0.1500 | - |
| Total | USD | \$9.8466 | \$0.5866 | \$14.7631 | \$1.2100 |

† In ovo; does not include 2 to 20-week vaccine program sleeve

Period A188 Pricing Report to PPAC

Dates

| Pricing Element | Start Date | End Date |
|------------------------|----------------|--------------|
| Breeder Chicks | March 10, 2024 | May 4, 2024 |
| Hatching Eggs | March 10, 2024 | May 4, 2024 |
| Saleable Chicks* | March 31, 2024 | May 25, 2024 |
| Day-Old Broiler Chick* | March 31, 2024 | May 25, 2024 |

*Set three weeks after the hatching egg pickup

Key COP Inputs

| Input | Current Period | Previous Period | Change |
|--------------------------|---|---|-------------|
| Lay cycle length | 59.0 weeks | 60.0 weeks | ↓ 1.0 week |
| Vaccine pricing (sleeve) | \$1.61 / bird | \$1.61 / bird | ↔ no change |
| Industry Benefit Index | \$0.0252 / dozen or 0.2621¢ / saleable chick | \$0.0252 / dozen or 0.2621¢ / saleable chick | ↔ no change |

Production Trimming

| Period | Timeframe | Eggs/hen to 60 weeks | Compared to Survey Period |
|--|--|----------------------|---------------------------|
| Survey Period | Placed 2019-01-01 to Processed 2020-10-03 | 141.19 | - |
| Rolling One-Year (Current Production)* | 2023-01-14 to 2024-01-13 | 145.85 | 4.66 eggs/hen 3.30% |
| Rolling One-Year Trimmed (Current Production)* | 2023-01-14 to 2024-01-13 | 146.67 | 5.49 eggs/hen 3.89% |

Hatching Eggs, Saleable Chicks & Day-Old Broiler Chicks

| | Survey Period (Surveyed Production) | Rolling One-Year (Current Production at 103.30%) | Price set at lower of: | |
|-------------------------|---|---|---|-------------------------|
| | | | Rolling One-Year Trimmed (Current Production at 103.89%) | Phase-in Step |
| | <i>Full Price...</i> | <i>...At Current Production...</i> | ...Trimmed | <i>Step 10 at 99.5%</i> |
| Lay cycle (weeks) | 59.0 | 59.0 | 59.0 | 59.0 |
| Equivalent (\$/doz) | \$7.5372 | \$7.2965 | \$7.2550 | \$7.4996 |
| Equivalent (per chick) | \$0.7851 | \$0.7601 | \$0.7557 | \$0.7812 |
| Hatchery margin (fixed) | \$0.2200 | \$0.2200 | \$0.2200 | \$0.2200 |
| Day-old (per chick) | \$1.0051 | \$0.9801 | \$0.9757 | \$1.0012 |
| Recovery of full price | 100% | 96.81% | 96.26% | 99.50% |

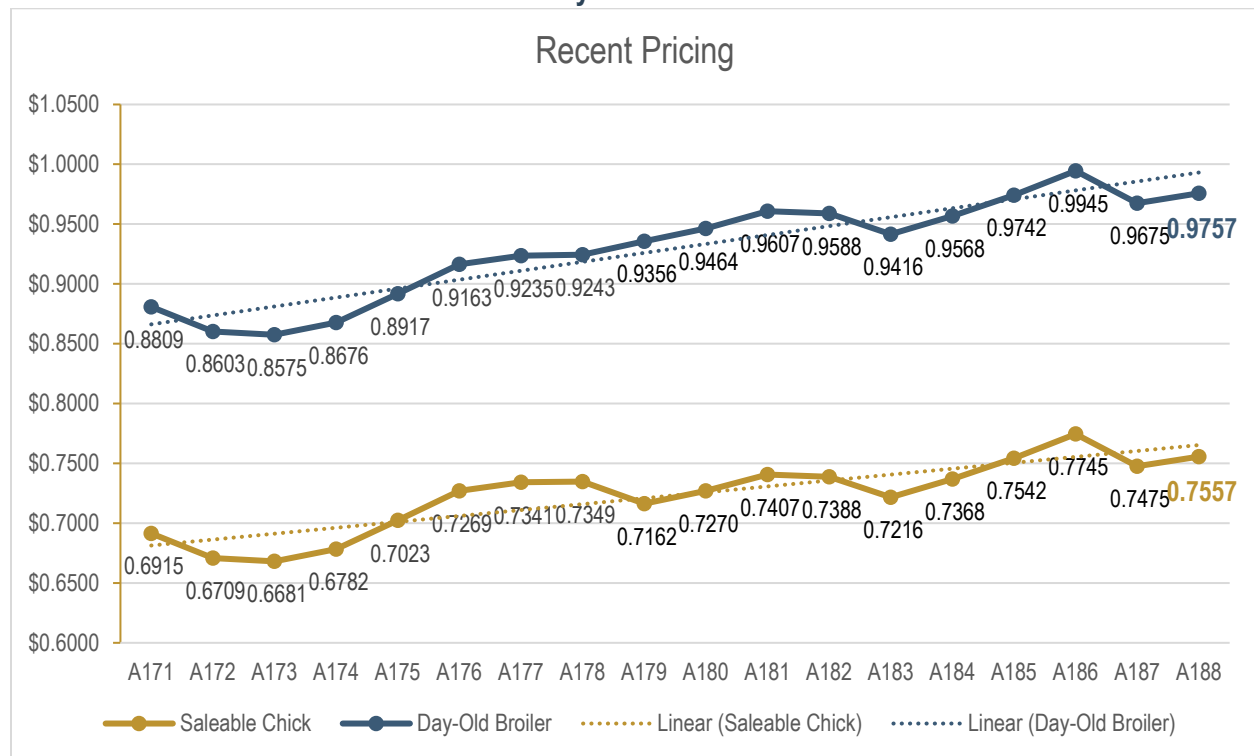
The net change to the saleable chick rate is an increase of 0.82 cents (\$0.7557 vs. \$0.7475).

The baseline price (full price) per saleable chick increased 1.08 cents. The primary changes are:

- 0.42 cent decrease in operating costs (0.12 cent decrease relating to pullets);
- 0.07 cent increase in labour;
- 0.30 cent increase in capital costs (0.18 cent increase and 0.02 cent decrease in investment cost and operating interest, respectively);
- 0.00 cent decrease in ancillary revenue (increase in expense); and
- 1.13 cent increase due to lay cycle decrease.

Note that there is a net 0.26 cent decrease on the application of the 96.26% efficiency trim from the previous 96.54% efficiency trim.

Saleable Chick and Broiler Chick Price History



The hatchery margin, the difference between the day-old broiler chick price and the saleable chick price was \$0.1894 for periods A169-A178. For periods A179 and A180, the hatchery margin is \$0.2194, and \$0.2200 for periods A181 onward per the *Period A180 Proposed Breeder Chick Pricing Adjustment* section above.

Breeder Chick Price

| Component | Currency | Female | Change | Male | Change |
|----------------------|----------|-----------------|-------------------|------------------|-------------------|
| Breeder company cost | USD | \$9.6499 | \$ - | \$14.5631 | \$ - |
| Services | USD | 0.0500 | - | 0.0500 | - |
| Vaccines† | USD | 0.1267 | (0.0200) | 0.1334 | (0.0166) |
| Total | USD | \$9.8266 | \$(0.0200) | \$14.7465 | \$(0.0166) |

† In ovo; does not include 2 to 20-week vaccine program sleeve