

DECISION NOTICE TO INDUSTRY

TO: BC Hatching Egg Sector Stakeholders
FROM: BC Broiler Hatching Egg Commission
DATE: October 11, 2024
SUBJECT: BCEHA Hatchery Margin Increase Request Decision

Request:

The BC Egg Hatchery Association (BCEHA) requested a hatchery margin increase based on a cost report prepared by Serecon, Inc. on behalf of five hatcheries, equating to approximately 4.0 cents per saleable chick. Although the report was limited in scope, it adequately supported some of the hatchery costs associated with the hatchery margin increase request.

Considerations:

The BC Broiler Hatching Egg Commission (the Commission) considered the cost report that supported some of the hatchery costs; still needed is the additional sufficient and appropriate third-party documentation supporting the BCEHA assertion that the remaining hatchery costs moved in step with the verified costs over the reporting period. This must be provided before the second and third increases to the hatchery margin are triggered. The Commission made this a subject to the full 4.0-cent increase decision.

The Commission needed to consider implementation timelines as the BC Chicken Marketing Board (BCCMB) is implementing their new pricing structure, and the hatchery margin increase will impact the value chain. As a result, the increase request is to be implemented over (at least) three periods. Once the Commission is satisfied with the third-party documentation, the second and third increase will be made the periods following. The Commission is prepared to review and implement the latter two hatchery margin increases as soon as periods A-193 and A-194.

Consultation:

The Commission engaged with stakeholders on the matter, including the BC Broiler Hatching Egg Producers' Association (BCBHEPA), the BC Chicken Marketing Board (the BCCMB), and the Commission's Pricing and Production Advisory Committee (PPAC).

Decision & SAFETI Analysis

On October 8, 2024 the Commission approved the BCEHA hatchery margin increase request in the amount of 4.00 cents per saleable chick, subject to a minimum three-period implementation schedule beginning period A192 at 1.41 cents per saleable chick, and at 1.30 and 1.29 cents per saleable chick in subsequent periods upon receipt of third-party supporting documentation.

Strategic: This decision is strategic as the BCEHA identified four key costs and supported the data through third-party verification. The Commission must recognize this critical and positive step in the BCEHA's development of a COP, or reasonable, alternative process. The Commission is mitigating the risk posed by

the balance of the hatchery costs, which have yet to be verified, through the request of sufficient and appropriate third-party documentation related to these costs.

Accountable: The Commission is unwavering in its commitment to maintaining the integrity of its decision-making process. The Commission recognizes that setting the hatchery margin is a unique-to-BC responsibility and relies on data-driven and verified information to ensure a balance between the value chain and understanding the complexities of working with independently owned businesses. This decision is accountable to both BCFIRB's June 6, 2022, decision on the Commission's pricing framework and BCFIRB's May 22, 2024 decision on BC Chicken Marketing Board's pricing framework in which it is an expectation of BCEHA that hatchery margin increases are linked to the development of a COP-based framework for hatcheries in BC.

Fair: The Commission dedicated to ensuring procedural fairness in its processes and decision-making. This commitment is evidenced by its consultative process, which is well-documented within the decision. The Commission also considers the effects upon the value chain and fairly moderates this using an implementation schedule.

Effective: The Commission met a clearly defined outcome of a hatchery margin increase request process supported by data and a third-party review. The Commission documented all appropriate processes and measures and used the tools, including their PPAC.

Transparent: The Commission documents the processes, practices, procedures, and reports on how the mandate is exercised, which are open, accessible, and fully informed.

Inclusive: The Commission ensured that all appropriate interests, including the public interest, were considered, valued, and given due importance.

Regards,



Bill Vanderspek, Chair
BC Broiler Hatching Egg Commission