



BC Broiler Hatching Eggs Cost of Production Introduction

JANUARY 28, 2021



Regulatory Authorities

Powers and duties of the Commission

"regulated product" means a broiler hatching egg, a saleable chick or a broiler breeder;

8 (1) The commission is vested with the power within the Province to promote, regulate and control in any and all respects, the production, transportation, packing, storing and marketing, or any of them, of a regulated product, including the prohibition of production, transportation, packing, storing and marketing, or any of them, in whole or in part, and is vested with all powers necessary or useful in the exercise of those powers, and without limiting the generality of the foregoing, is vested with

(a) the powers set out in section 11 (1) (a) to (v) of the Act,

(a.1) the power to regulate the price of a chick that is under 2 days old hatched from a broiler hatching egg

The Purpose of Linkage

Followed changes in the Schemes to transfer chick pricing to Commission to protect hatching egg sector from intra-industry pricing pressure, facilitate a business relationship with hatcheries (linkage pricing/contracts) and better balance regulatory authority between boards.

Determine legitimate production costs and identify margins and risks for both producers and growers.

Provide transparency, stability, certainty and accountability for BC chicken sector pricing with recognition of processor competitiveness.

Promote constructive relationship between Commission and Chicken Board.

Returning to a COP Model

Current linkage model is 25 years old, has challenges and needs updating regardless.

Linkage COP regularly updated over time but not a true, full COP.

Still meeting underlying principles and objectives of original linkage.

Supporting western and national pricing strategy, starting with Alberta and Saskatchewan.

Bringing finality and certainty to pricing in BC hatching egg sector.

Re-focusing on other industry strategic challenges and opportunities.

COP Model & Verification

Based on existing successful Alberta COP framework to promote consistency.

BC version developed by Serecon following initial verification and feedback from MNP.

MNP engaged again to review new COP model and feedback from stakeholders.

MNP verification report will be posted for feedback from stakeholders prior to finalization by Serecon and Commission.

The 2020 Serecon Report

Presented by Bob Burden



BC Broiler Hatching Eggs Cost of Production Pricing Effect

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Pricing Effect

COP: \$1.00/hen change from last Linkage COP (\$0.009/saleable chick)

	A166 – Base New COP	Current Lay Cycle*	Target Lay Cycle*
Lay cycle (weeks)	56.1	55	58
Equivalent (\$/doz)	\$6.33	\$6.46	\$6.12
Equivalent (per chick)	\$0.6597	\$0.6732	\$0.6376
Hatchery margin (fixed)	\$0.1894	\$0.1894	\$0.1894
Day-old (per chick)	\$0.8491	\$0.8626	\$0.8270
Recovery	100%	100%	100%
v. A166 Linkage price (\$0.6431)	-	95.5%	-

*No other variables changed