

# *British Columbia Egg Hatchery Association*

July 5, 2021

Jim Collins  
BC Broiler Hatching Egg Commission

VIA EMAIL

## **Re: Response to BCBHEPA Feedback Submission on BCBHEC Proposed COP Pricing Proposal**

The BC Egg Hatchery Association (BCEHA) has had an opportunity to review the June 10, 2021, feedback submission from the BC Broiler Hatching Egg Producers Association (BCBHEPA) pertaining to the Hatching Egg Sector Proposed COP-Based Pricing Package (Proposed COP) presented by the BC Broiler Hatching Egg Commission (the Commission) and provides the following comments.

It is no surprise that the BCBHEPA would support a Serecon COP pricing model as these have been shown to inflate costs. The BCBHEPA and the BCBHEC have not provided any evidence that current returns to BC hatching egg producers are inadequate. The BCBHEPA simply sees this as a way to increase their returns at the expense of the downstream stakeholders. In their submission, the BCBHEPA states that the MNP audit shows the Proposed COP is fully transparent and defensible. The fact is MNP only audited the Proposed COP process and the calculations in what is an extremely complex pricing formula, so it is hard to understand how this is transparent. Also, MNP did not audit or consider alternate approaches to a COP and therefore it is cannot be seen as defensible against other pricing options.

The BCBHEPA in their feedback submission assert that hatching egg producers who are growing Cobb birds are neither “profitable nor efficient”. Hatcheries and processors review different breeds on an ongoing basis and try to select the best one based on a variety of factors, including other stakeholders’ performance such as growers and breeder producers, as well as customer and competitive needs. The fact that one breed is currently performing better for hatching egg producers is factor that is always in play. Breed placements are currently being shifted away from Cobb, in part, due to reduced performance. Having said that, it is possible that a future Cobb breed could be a better producing bird and a shift may be made back to Cobb. That is the nature of working with different breeds and how/why they are placed, not just in BC, but in every jurisdiction. A breed cannot be chosen solely for its performance at the hatching egg level.

It is also hard to believe that the BCBHEPA would be critical of any type of proposal that would increase BC hatchery margins; particularly when BC hatcheries have not had a margin increase in 9 years and BC hatching egg producers have taken for themselves, the increases in the Ontario hatchery margins that are included in the BC live price. This shows a complete disregard for other industry stakeholders by the BCBHEPA and a lack of concern for the health of the overall industry.

The BCBHEPA supports the BCBHEC’s proposed “Vaccine Adjustment Mechanism” and a standardized program however, the BCBHEPA has not stepped forward in its proposal to accept responsibility and liability for chick quality under such a program. It is also the BCEHA’s contention that neither the Commission nor the BCBHEPA have better vaccine expertise than the veterinarians that are currently putting these programs together. By moving to a “standard formula” the cost of any incremental vaccine, which benefits the hatching egg producer, and admittedly others, is pushed back onto the hatchery. This is just another attempt by the Commission and the BCBHEPA to push costs to other industry stakeholders so they can further increase their returns.

Again, it is not surprising, that the BCBHEPA supports the Commission's Proposed COP as they are the main beneficiaries at the expense of others in the industry. The Commission and the BCBHEPA have abandoned, and not considered other options, including revisions to the "Linkage Agreement" which has worked well for the industry for a number of years. Through the BCBHEC's Proposed COP, the BCBHEPA sees a tremendous opportunity to increase their returns with no concern or regard for the rest of the industry.

The BCEHA believes the position taken by the BCBHEPA and the Commission with the Proposed COP is not consistent with the objectives of the supervisory review and BCFIRB SAFETI principles.

Regards,

***Ryan Whitmore***

Ryan Whitmore, President  
BC Egg Hatchery Association