



BC Broiler Hatching Eggs *Pricing Proposal* *- BCFIRB Meeting*

APRIL 12, 2022



COP Model – How we got here

Page 6 of the Pricing Package

- April 18, 2018 Pricing Positions document
- Active Appeals, Decisions
- Postings to BCBHEC-BCCMB Pricing Website
- Roundtable Process

COP Model – How we got here

Through this process, BCBHEC:

- Has updated its COP survey
- Had its COP survey reviewed by a third party
- Had the COP surveyor respond to the review
- Provided all reports to stakeholders
- Received and responded to stakeholder questions, and added 'Further Analysis' sections
- Asked its own clarifying questions of stakeholder submissions
- Ran the new COP-based pricing framework alongside the current for comparability

Key Areas of Discussion

1. How the Commission intends to implement its cost of production formula (the formula), including the timeframe for implementation.

- Formulate a checklist of implementation items
 - Ensure all cost components are up-to-date as appropriate (e.g., production trimming figures)
 - Finalize formulae implementation (e.g., inputs, verification)*
 - Finalize vaccination program (final cost input and technical committee)*

* *Ongoing stakeholder engagement, post decision submission to BCFIRB*

Key Areas of Discussion

1. How the Commission intends to implement its cost of production formula (the formula), including the timeframe for implementation.

- Hatcheries
 - Pricing data verification included in a larger Work Action Plan
 - Part of the monthly EHA-Commission Ops meeting
 - Full Work Action Plan resolution by June 30

Key Areas of Discussion

1. How the Commission intends to implement its cost of production formula (the formula), including the timeframe for implementation.

Pricing Period	Actual Period	Starting Date	Recovery	Pricing Period	Actual Period	Starting Date	Recovery
1	A176	May 8/22	95.0%	6	A181	Feb 12/23	97.5%
2	A177	Jul 3/22	95.5%	7	A182	Apr 9/23	98.0%
3	A178	Aug 28/22	96.0%	8	A183	Jun 4/23	98.5%
4	A179	Oct 23/22	96.5%	9	A184	Jul 30/23	99.0%
5	A180	Dec 18/22	97.0%	10	A185	Sep 24/23	99.3%*

Key Areas of Discussion

2. How the formula will impact industry, including the entire broiler chicken sector.

- Stability to the Hatching Egg sector
- Provides room for hatchery margin, as evidenced through now 9 period comparisons
- Creates the foundation for a tripartite agreement (anticipated for 2023)
- Shift in pricing sequence for BC Chicken's interim and long-term pricing formulae:
 - Delivers a reliable input
 - Informs all stakeholders
- All downstream stakeholders benefit from verified, transparent cost inputs

Key Areas of Discussion

2. How the formula will impact industry, including the entire broiler chicken sector.

- Addresses immediate cost concerns
 - Formulaic approach vs. preapproval considerations
 - Places added emphasis on Commission and BCCMB PPACs

Key Areas of Discussion

3. How the Commission will manage interim pricing and price linkage between itself and the Chicken Marketing Board, to ensure industry stability in the short- and long-term.

- Joint Committee approach
- Memorandum of Understanding (the “Chicken Pricing Connection”)
- Linkage comparison, running in parallel for two pricing periods
- Further long-term analysis from the Western provinces' perspective as Western COP development advances
- Active participation with Chicken Board in its Pricing Work Plan

Takeaway Messages

- Strategic approach to a COP pricing model, building incrementally in a linear, transparent and comprehensive fashion over four years
- Approach incorporates Western/National pricing initiatives
- Layers of stakeholder engagement and verification
- Commission's commitment to the process
- Switching the pricing sequence to match its regulatory authority.
- Stakeholder buy-in by BCBHEPA and BCEHA and willingness to assist in the implementation

Questions and Discussion

