

Quota Review Task Force Meeting Notes – June 15, 2016

Chair: Joe Neels

Attendees: Allan Cross, Allan Mulder, Sharmain Bennie

Staff: Stephanie Nelson, Joshua Crossett

Agenda:

1. Review of Agenda
 - No changes or additions.
2. Review of Notes
 - Recommendation to the board for posting to the website.
3. Review of last meeting's Task List
 - Update on where we are at now:
 - o A reminder that consideration needs to be made regarding having the correct positions and regulation as individuals with specific skill sets and adept at relationships may not always be here (i.e. create a sustainable/resilient system).
 - Phase 1 deliverables – we are at the Expected Outcome position of Phase 1; now to put together a clear and concise direction that the Commission Board will use to develop the next phases and instruct staff.
 - Ready to move onto the next step of looking at the components with others (breeder supply; quota system; payment system).
 - o Saleable dozen: creates a 'gate' point of sale. Transaction-based. How would quota be linked?
 - o Egg-based quota: Cap on #'s, so quality can be prominent. Turns regulation from hatcheries to our own Producers and product. Ensure we enforce our own standards via a Hatching Egg Inspector. Easier to develop a lease system (hens always change). Now producers can actually produce the egg.

Salmonella Enteritidis issues. Locally hatched breeder flocks create a potential SE issue. Trucking or flying in a solution? We have a mechanism to move affected eggs out from the hatchery supply, a mitigating program. Post-testing will be part of the program; if SE is not found, you would come back into the supply stream. If found, you can continue to lease. Adjustment in consolidated orders would be required. Need to be very restrictive on lease, not a version of our current lease program. "Orderly Marketing Supply Valve" potential name.

- Discussion on decoupling hatcheries and breeder purchases is on the agenda for the Thursday, June 16 board meeting.
- Other discussion points:
 - Official Flock Schedule and 58 week kill age remains.
 - No policing of hens placed in the future.
 - Sleeves used. BCCMB uses 6% sleeves, penalized if production is under or over (under 94%, cannot regrow that portion).
 - Integrate sleeves with revised lease program (Orderly Marketing Supply Valve).
 - Challenge: Commitment by hatcheries is to the flock, not eggs currently.
 - How are 'hot' flocks handled? Scheduling shackle space issues?
 - Producers could order less hens at the beginning to lower the upfront cost (reward for better Producers).
 - How is a situation dealt with by which a Producer overproduces? (e.g. Producer produces 106 eggs, commitment to 100, what happens to the 6?). How are domestic and import eggs handled?
 - Can we have them ordered ahead? Inform the Commission of requirements?
 - M2E ratio issues? Sleeves would potentially take care of this.
 - Would ordering move the system to a transactional-based one or still require strong relationships?
 - Commission could direct the eggs, in orders.
 - The 70% rule would be strictly enforced. A trigger number would be identified.
 - Efficiency issues, old incubators, poor hatching by hatcheries.
 - Is the 70% rule global or per flock?
 - Verification by fertility? Relate the sub-70% system/process, then our internal process begins.
 - < 70% penalties?
 - Rollout would require walking back the payment cycle to ~ 1 week after egg pickups (~1 month currently on saleable chick).
 - Breeders: ON producers get a bill directly from breeder companies. This is a board decision. Locally hatched breeders not placed are offlines that displace domestic production.
 - Incentives: Producers to get to 80%+ hatch, paid potentially in a combination payment, based on fertility. Hatcheries pay for the eggs on a per dozen price, incentive not to roll eggs.

4. Update Task List