

Quota Review Task Force Meeting Notes – January 27, 2017

Chair: Joe Neels

Attendees: Allan Cross, Allan Mulder, Sharmain Bennie

Staff: Stephanie Nelson, Joshua Crossett

Guests: Beata Kunze, Matthew Klassen

Agenda:

1. Review of Agenda
 - No changes or additions.
2. Review of notes
 - No notes reviewed – deferred to next meeting.
3. Review of last meeting's Task List
 - Discussion of the pricing mechanism, both a Hybrid system and a semi-Hybrid system developed by staff.
 - Updating the per-dozen price is an item which can be controlled or at least manipulated to a degree by hatcheries.
 - COP implications if the per-dozen price were to increase from the set 80% up to industry average (approximately 83%). Algorithm issues. Would producers lose 3% return?
 - Hatcheries will be incentivized to hatch at highest level possible.
 - Having producers paid on saleable chick, keeps incentive with the producer, but continues to have producers subject to possible manipulation by the hatcheries.
 - Under the potential new system, the hatcheries could reduce the domestic hatches by increasing import hatches to a level that is reasonable.
 - Pricing scenarios were presented by staff.
 - First half of the scenarios on hatchery payment will be retained.
 - Establishment of the value of the product on farm (milk example) or as close as possible:
 - o Eggs need to be acceptable – does the hatchery truck driver do this? Does commission staff do this?
 - o Agree to a hatchery transfer point...get the data.
 - o Candling: FV and Sofina do this.
 - o "Boots on the ground" jobs...high turnover.
 - o Embrex might be the closest ability to figure out fertility. Injectable eggs.
 - o Error rate 2 – 4%, per MK.
 - o Major losses under saleable chick with hatches occurs due to pulling chick trays with some that aren't fully hatched – these chicks are recognized as chicks at transfer.
 - o Having accountability between hatcheries and producers, using services that are provided by the Commission. Similarities between hatchery inspector role that

happened before. Can this person provide information from the producer to the hatchery? Make this a two-way street. Producers and Hatcheries were not using the inspector.

- Under saleable dozen, there should be programs and incentives to ensure quality hatching eggs are available for pickup.
- Transfer vs. pull
- Import purchases: Rare that complaints were sent, but they guarantee an 80% hatch. Issues, free cases would be sent, as credits later.
- Complaint process to set up based on the US process.
- Hatch of fertile 88-94%.
- Injectable number. Prime flock subtract about 5%. End of flock, about 8%.
- Errors on farm would need to be picked up in the process. Hatcher data, cooler data, etc.
- Using injectable numbers, you take out the hatcher variability issues, pull times, most of rolling. This gets out most of the impact hatcheries have over the process which is picked up currently under saleable chick.