

Fifth Meeting of the New Hampshire Meat Producer Working Group July 12, 2017

Attendees: 19

Guests: Rick Lemay (Lemay and Sons Beef), Lionnel Lavoie (Granite State Poultry and Processing), Arion Thiboumery (Vermont Packinghouse), Edmund Lessard (Northeast Kingdom Processing), Tom Collaro and Susan Isberg (USDA Food Safety Inspection Service), Elaina Enzien (UNH Ext Livestock Specialist), and producers Jeff Conrad and Dennis McClary.

Working group members: Henry Ahern, Steve Normaton, Mark Florenz, Peter Kress, and Pamela Bruss

This summary reflects a range of views expressed on the issues as discussed during meetings of the New Hampshire Meat Producer Working Group (NHMPWG), comprised of meat producers throughout the state. They do not reflect the formal or public position of any one group of people, organization or coalition. All errors and omissions are the sole responsibility of Environmental Mediation Center (EMC).

The agenda for this meeting included:

- 1) Scheduling processing requires communication and commitment between producers and processors. What is working well, what is not working, and what can be improved?
- 2) Packaging; what concerns, if any, do producers have and what steps may be feasible for processors to improve packaging in order to showcase the quality of the meat and enable it to sell at a certain price point?
- 3) Processor/USDA relationships, what issues, if any, need to be addressed?

Scheduling:

Producers and processors agreed seasonal spikes and lulls in demand for processing create challenges for both producers and processors. Demand for processing is highest in the fall (October through December) and lowest in winter (January through April). Producers can't work enough hours in the fall to keep up with demand yet sometimes have to lay off workers in the winter when there is insufficient work. Producers prefer to process in the fall when the animals have been grazing on pasture but scheduling processing appointments then is difficult. Particularly beef producers are reluctant though to delay processing into the winter because feeding animals raises their cost of production.

Processors agreed that the best strategy for scheduling appointments in the fall is to schedule the appointment far in advance. Some processors commented that there is a learning curve and that once producers can't get an appointment in the fall, they learn they need to book appointments for high demand periods early. One producer suggested scheduling the processing appointment as soon as you buy the calf.

Processors added that they need firm commitments from producers to reserve the dates. Producers responded that while they can schedule appointments far in advance, raising livestock is unpredictable and they don't necessarily gain weight and mature on schedule.

Processors lamented over the challenges of maintaining a skilled work force. One processor stated that working at a processing facility takes a certain kind of person. They must be "sane enough to love their work, but a crazy crock pot to work there." While most processors maintained their key work force all year, some had to lay off some staff in the winter. The processors agreed that it is hard to find the right person to work in this field and it takes a while to train people to do the job and letting people go during the winter months means that a processing facility is always faced with starting the training process over before the busy fall season. The processors all agreed that training programs in schools would be helpful to create a pool of skilled workers.

In order to resolve both the processors need for year round work to maintain their workforce and producers need to be able to schedule processing appointments, there needs to be some collaboration and give and take between producers and processors. While producers and processors were able to easily agree on the root of the problem, finding a solution was more elusive.

In order to spread processing appointments throughout the year, one producer experimented with a pricing structure that incentivized processing in winter by charging 10% less. While the incentive program worked, now that the processor is busy year round, the program was discontinued. Other processors commented that their cost were the same for processing year round and did not think they should charge different prices to producers in the fall versus spring based on demand for their services.

A few producers thought "demand based pricing" with higher prices in the fall when demand was higher made sense. They commented that demand based pricing was commonly used in many industries. The producers also expressed a willingness to either pay a premium for a fall processing appointment or receive a discount for winter processing appointments.

Although processors did not embrace demand based pricing, some expressed a willingness to consider it if their clients were willing to pay more for fall processing appointments. One producer suggested that it would be helpful to quantify the additional monetary expenditures for feed through the winter and how much weight the livestock gain or lose. Once the financial losses for holding an animal for processing through the winter is determined, a pricing structure could be developed that equalizes the profit margin for fall and winter processing by either discounting winter processing or charging a premium for fall processing.

Packaging:

Producers and processors discussed the challenges of processing in New Hampshire compared to major livestock production regions in other parts of the country. For example, some processors in the mid-west could specialize in pork processing and buy equipment designed just for pork processing and packaging. Processors in New Hampshire have to use generalized equipment because there is not enough volume of any one species to buy specialized equipment. Processors need to be able to cater to the diverse needs of New Hampshire's meat producers from small backyard farmers to professional mid-size operations. Some producers noted a growth in small producers and the need for processors willing to work with them as well as larger operations.

Producers stated they need packaging that enables their products to compete against state of the art packaged meats. If they are going to sell their meat at premium prices at grocery stores, the packaging must look as professional as any other brand. If there is a washed out white label, they can't compete against "better packaged" meat. Producers recognized that high quality looking packaging costs more and would require a large investment from processors.

Processors talked about different quality levels of packaging and the associated costs with freezer wraps, vacuum packs, cyrovac, and labeling. When a producer asked about "state of the art" packaging, one processor commented that no matter how good the packaging is, producers want it to be better. There also did not seem to be one "state of the art" packaging that producers and processors agreed upon.

Processors recognized that the producers are their customers and in order to stay in business, they need to keep their customers happy. Processors were willing to consider buying expensive packaging equipment to improve packaging but need a long-term commitment from the producers to make it worthwhile. Processors noted that processing is like farming in that you only buy the equipment you really need the most. Processors also added that some high quality packaging requires extra steps or requires other equipment to move at a slower pace. While processors were open to purchasing packaging equipment, the cost has to be justified, enough producers must prefer that packaging, and there must be adequate space for the equipment.

One producer thought it would be helpful if the processors provided a detailed inventory list of everything in the order. For example, it would be helpful to know the number and weight of each cut. Processors said they can do that but it is an added fee.

One challenge is that most producers sell their meat frozen and frozen meat will never look as appealing as fresh meat. For patties, some packaging hides most of the meat because it doesn't look as good frozen.

Typical consumers prefer to buy their meat fresh because it's convenient and it looks more appealing. Packaging fresh meat with plastic wrap on foam is inexpensive and looks appealing but it must be sold within a few days. Retail stores regularly remove unappealing and out of date packages of meat.

Producers and processors agreed there is no specific type of packaging that is inexpensive, looks appealing, and preserves the product for more than a few days. Some producers may be able to sell to grocery stores and utilize their packaging. Most producers will likely continue to sell frozen meat and will need to work with processors to utilize the best packaging available at a reasonable cost.

Processor/USDA Relations:

Processors, producers, and the USDA attendees discussed some of the challenges facing the USDA meat inspection program including maintaining a well-trained staff and concerns over the administrative process when violations are found.

Producers and processors stated that working with livestock is unpredictable and things don't always go as planned. Sometimes the animals become anxious and while you can have a plan to minimize those situations and a plan on what to do when it happens, it's a dynamic situation. Producers and processors stated that it would be helpful if the inspectors had more experience handling livestock so they are better able to understand some of the challenges.

Producers suggested that inspectors spend some time on their farms in order to become more familiar with the livestock. USDA welcomed the invitation and thought it would be helpful in some circumstances.

Processors also requested that enforcement for violations must be rational. Processors stated they hope experienced inspectors would be able to make a distinction between minor technical violations that were not truly problems and real violations such as having to stun an animal multiple times.

USDA noted the inspector's job is more challenging in New Hampshire compared with industrial sized processing facilities in other regions of the country who only handle one species of a relatively similar age and weight. New Hampshire's processors and inspectors need to be able to process and inspect multiple species and sized animals. USDA also noted ongoing meetings with the Niche Meat Processor Assistance Network as they are working to address concerns over inspector training and other issues.

The processors also questioned whether there could be a faster process for resolving administrative enforcement actions rather than the current drawn out process. Processors are particularly concerned about being shut down for extended periods and the damage to their reputation when their clients and the public learns about a violation. One idea was to utilize the agricultural mediation programs as a quick way to bring the processors and inspectors together to discuss the violation and possible options to resolve the matter.

Sometimes there is a misunderstanding of what happened and the processor wants an opportunity to discuss the violation with the inspector. Mediation could provide a fast, informal, and confidential process for addressing these issues. Mediation also creates a safe

space for difficult conversations because the mediator will keep the discussions constructive. Processors, producers, and USDA all favored utilizing the mediation program to resolve these issues if possible. There are currently agricultural mediation programs in 40 states and it is possible for USDA to administratively include this within the existing agricultural mediation program since it is within USDA's jurisdiction.

Finally, processors wondered whether there might be any cost share programs to help them utilize best management practices for their livestock processing facilities. No one at the meeting was aware of a particular program aimed at helping meat processors but USDA has many programs such as through Rural Development that might be able to provide assistance.