

Chicken.

Chicken Farmers of Ontario



SUPPLY MANAGEMENT:
A RECIPE FOR SUCCESS

CHICKEN FARMERS OF ONTARIO

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GROWING HEALTHY CHICKEN: MAKING ONTARIO STRONG



CFO Vision Statement

Successful, independent chicken farmers working with industry partners in a market-responsive, supply-managed system.

CFO Mission Statement

To provide leadership for a sustainable and dynamic chicken industry, supplying the best quality chicken in response to market and consumer needs.

Mandate of the CFO Board

Chicken Farmers of Ontario is accountable to the Government of Ontario for the administration of The Ontario Chicken Producers Marketing Plan in accordance with the Farm Products Marketing Act.

Ontario Chicken Industry Vision Statement

Working together to grow a dynamic and competitive Ontario chicken industry that responds to consumer and stakeholder needs through independent supply-managed farms.



Chicken Farmers of Ontario (CFO) is a farmer-run, non-profit, provincial organization, known as a 'marketing board', serving a very dynamic industry in the province. The CFO Board of Directors consists of nine elected chicken farmers who set policy for, and represent the interests of, Ontario chicken farmers and, by extension, the Ontario chicken industry overall. CFO ensures that key decision makers in the provincial and federal government fully understand the views of Ontario chicken farmers as they relate to key and timely issues, ranging from food safety to international trade.

CFO is accountable to the Farm Products Marketing Commission (FPMC) - a supervisory body within the Ontario Ministry of Agriculture and Food. The FPMC has delegated certain authority to CFO to regulate the production and marketing (to processors) of chicken in Ontario.

CFO has two major responsibilities.

The first is to ensure that Ontario chicken farmers grow sufficient amounts of safe, fresh, high quality chicken to meet consumer needs. The volume to be produced is determined through a consultative process with chicken industry stakeholders. CFO meets regularly with organizations that represent all sectors of the Ontario chicken industry from primary processors to restaurants and supermarkets. The information acquired at these all-industry stakeholder meetings plays an essential role in CFO's determination of how much chicken will be grown in Ontario.

CFO's other chief responsibility is to negotiate, with licensed Ontario chicken processors, prices to be paid to all Ontario chicken farmers by all Ontario chicken processors. CFO's



authority to regulate the amount of chicken grown and negotiate the price is derived from provincial legislation called the Farm Products Marketing Act. Similar legislation exists in all of Canada's ten provinces.

Chicken Farmers of Ontario operates under "supply management", which is an orderly marketing system designed to stabilize the industry by matching production with consumer demand and to ensure fair returns to chicken farmers. Chicken production in Ontario became supply-managed in 1965 through a regulation in The Farm Products Marketing Act of Ontario, in response to fluctuating chicken prices and turbulent times for chicken farmers.

Every political party that has formed a government in this province has supported, and continues to support, supply management in the Ontario chicken industry.

Prior to the 1950's, chicken production was seasonal throughout most parts of North America. Chicken was considered a Sunday dish, reserved for special occasions. Production occurred on mixed farms with small flocks.

In the late 1940's, however, the management of larger flocks came into being, with farmers growing birds on contract, to be processed by commercial plants. Then demand increased for poultry meat during World War II, having considerable impact on the growth of the poultry industry in Ontario. For example, during the 1950's, Ontario chicken production doubled every two years.

But by the early 1960's, the Ontario chicken industry was in serious trouble. Granted, it was growing rapidly, but prices paid to farmers fluctuated wildly, and although farmers were growing a product that was becoming increasingly popular, many were losing their farms because they could not pay their bills, especially for feed. In 1961, the Ontario chicken industry suffered financial collapse. Something had to be done.



Processors recommended that a committee be established, comprising of two processors, two farmers and a neutral chairman, who, because of the opposing views of processors and farmers (buyers and sellers), often had to cast a deciding vote. This pricing committee operated until the Government of Ontario allowed chicken farmers to form a marketing board – The Ontario Broiler Producers' Marketing Board (now Chicken Farmers of Ontario) – on April 6th 1965, one year after British Columbia had formed the first provincial marketing board for chicken.

All ten chicken-producing provinces now operate under the regulation of marketing boards and a joint national body called Chicken Farmers of Canada.

Working together at a provincial and national level, Canada's chicken farmers and their industry partners have made the Ontario and Canadian chicken industry a great success story.

Supply management enables chicken farmers to be true partners in a very successful Ontario industry. This sensible approach to growth and expansion is much more environmentally friendly than the systems in place in other countries, where overproduction and concentration are common. Pollution from chicken farming is a serious and worsening problem in some nations, but thanks to supply management, this is not the case in Canada.

Responsibility for volume determination (the amount of chicken grown) is the cornerstone of supply management. CFO administers a quota system to ensure that Ontario's chicken farmers produce the amount of chicken required by the marketplace. Supply management balances supply with demand and prevents overproduction, flooded markets and depressed prices for farmers. It produces a wonderful product and includes farmers as real partners in the industry.

Because supply management makes chicken farming a successful industry, farmers require no government subsidies. In fact, ever since supply management came into effect in 1965, Ontario chicken farmers have been able to pay their bills, create jobs and strengthen the economy without any financial help from government. Supply management is what enables poultry and dairy farmers across

Canada to succeed without further financial help. The success of supply management depends upon three tools (known as the three pillars of supply management).

- 1) **Effective import controls**
- 2) **Production controls**
- 3) **Ability to establish price**

Just like a three legged stool, if one leg is removed, everything collapses. These three pillars are the legs on which supply management stands. Any future trade agreement signed by the Government of Canada must preserve all three pillars of supply management and this great Canadian success story is to continue.

NOTE: Chicken, turkey, egg and dairy farmers all use supply management to regulate production through the use of quotas. Price determination differs from commodity to commodity but, in all cases, supply management marketing boards deal strictly with prices paid to farmers. They are not involved in pricing at the wholesale, supermarket or restaurant level.



Chicken Production in Ontario

Ontario benefits greatly from the economic activity generated by chicken farms, and the success of supply management is a major contributor to the provincial economy. Ontario chicken production has grown at a steady and manageable pace, averaging 5% growth per year, over the last 10 years. Production increased by a total of 58% from 193 million kilograms in 1992 to nearly 304 million kilograms in 2002.

Ontario is the largest producer and processor of chicken in the country, growing one-third of all the chicken produced in Canada. That is nearly 304 million kilograms of chicken meat, yearly, worth close to 500 million dollars, annually, at the farm level. These increased production levels have been driven by consumer demand. Per capita consumption has risen by more than 37% to 30.6 kilograms in 2002 from just 22.3 kilograms in 1992. As more and more Canadians turn to chicken,



there has been a 21% increase in the chicken industry's share of Canadian meat consumption – up to 32%. In fact, chicken is positioned as the number one meat of choice among consumers in Canada.

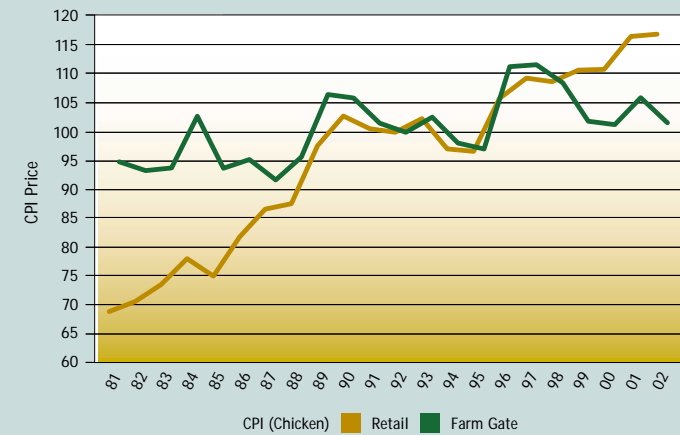
From 1992 to 2002, the number of chicken farmers in Ontario has increased from 970 to 1,123. There are about 2,800 chicken farms across Canada. The Canadian chicken industry directly employs more than 15,000 people who work on chicken farms or in related areas such as processing. Over five thousand of those full-time jobs are here in Ontario. There are thousands of spin-off jobs as well, and while many of these jobs are in urban areas, it is rural Ontario that benefits the most.

The Canadian chicken industry is a player in world trade. Imports and exports to and from Canada have increased significantly in the last decade. In 2002, Canada imported approximately 107 million kilograms and exported 76 million kilograms of chicken, making Canada the world's 9th largest importer of chicken and 6th largest exporter.

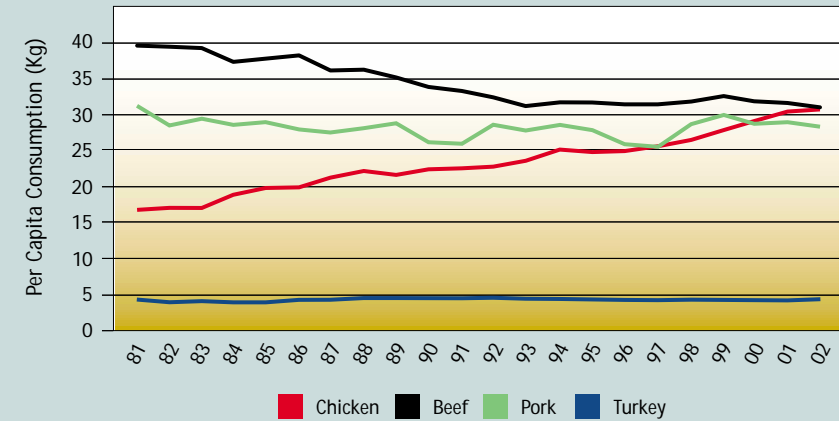
Chicken farmers are proud to offer a product that is safe, nutritious and competitively priced. Although retail chicken and red meat prices have increased steadily over the past twenty years, prices paid to chicken farmers have remained relatively stable.

What Supply Management Means

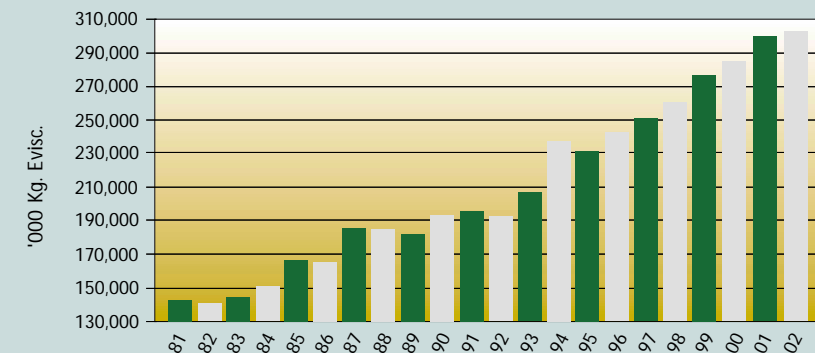
Consumer Price Index of Chicken at Retail and Farm Gate



Per Capita Consumption for Chicken Versus Other Meats



Annual Production of Chicken in Ontario



The Canadian chicken industry has adopted a proactive approach to food safety and accountability, in recognition of the growing importance of food safety and consumer confidence. Chicken Farmers of Canada (CFC), which represents all ten chicken-producing provinces, introduced its Safe, Safer, Safest On-Farm Food Safety Program (known as OFFSAP), in 1998, in consultation with the Canadian Food Inspection Agency (CFIA).



The program is founded on CFC's Good Production Practices Code, and recommends the most reliable on-farm methods and techniques for guaranteeing food safety. Flock health, cleanliness, product safety and record keeping are the driving principles behind OFFSAP. The CFIA has set up a rigorous technical recognition process for these programs. This means that the federal government is recognizing the inroads being

made by Canadian chicken farmers to assure the continued production of a healthy, safe and quality product for consumers. CFC was the first national organization to receive such recognition.

In order to qualify as OFFSAP compliant, Ontario chicken farms must undergo audits, which are conducted by trained program auditors. During an audit, an intensive review of all elements of farm practices, from production records to ventilation and biosecurity, is conducted. Note: Biosecurity refers to pre-cautionary measures in place on the farm to prevent the spread of disease from one flock to another via visitors, delivery vehicles and personnel.

Auditors are able to electronically collect data on-site when they conduct OFFSAP audits at Ontario chicken farms. They use state-of-the-art technology, including laptop and handheld computers, and Geographic Positioning System (GPS) units, during farm audits. The GPS units are used to collect geospatial data (latitude and longitude) for all Ontario chicken farms, which are then plotted (on a Geographic Information System [GIS] database), enabling CFO to generate detailed maps. Auditors can print the audit data on-site or send it electronically to a network computer at the CFO office.

Once a chicken farm has been deemed OFFSAP compliant, the farmer is awarded with a certificate acknowledging the on-going efforts being made at the farm level. The certificate is presented under the condition that the farmer will maintain the high level of standards that were necessary to become OFFSAP compliant. Compliant farms are subject to follow-up audits as determined by CFC.

With each Ontario chicken farm mapped in the GIS database, CFO can also use the information in emergency situations (in accordance with CFO's Emergency Management and Crisis Communications Plan) to identify a particular farm or farms in certain areas. An emergency could involve a specific farm, or be as widespread as an ice storm or a foreign animal (poultry) disease outbreak.

CFO is committed to meeting consumer demands for safe food. This commitment goes hand-in-hand with the federal government's Agricultural Policy Framework (APF), to develop one of the safest food systems in the world. CFIA's full recognition of OFFSAP has done much to position Canada as a recognized leader in food safety and quality.

Ontario chicken farmers are proud of their industry, and take their role as stewards of the land seriously. Animal welfare and environmental sustainability are top priorities for chicken farmers.

From day-old chicks to mature birds at six to eight weeks of age, chickens are free to roam on large barn floors, protected against predators, extreme weather conditions and disease, in a climate-controlled environment. Canadian farmers clean out their barns after every flock - which is five or six times a year. Clean, dry bedding is put on the floor for the day-old chicks, giving them a fresh clean environment in which to grow. Canadian chicken farms are second to none in cleanliness and far ahead of most.



Birds are able to eat and drink whenever they want. Chicken diets consist of grain and a protein source (70% is a mixture of wheat, corn and sometimes barley, and 30% is soybean meal or sometimes canola).

Ontario's chicken farmers produce top quality chicken without the use of hormones or cages, as many people mistakenly believe.

Chicken farmers are proving to consumers that they take pride in their product through environmental stewardship and food safety assurance. Through the implementation of sustainable good production practices, chicken farmers are committed to leaving the smallest possible imprint on the environment. CFO and CFC both support the development and implementation of Environmental Farm Plans.

These plans must be jointly developed by government and farmers and must be consistent across the country.

Chicken. A Consumer Favourite

An important objective of Chicken Farmers of Ontario is to promote the fresh Ontario chicken grown by over 1,100 farmers province-wide. In Ontario, chicken consumption has increased dramatically over the last 15 years.

Consumers may request copies of our chicken literature such as WING magazine; a vehicle that brings helpful hints and safety tips for cooking to the average chicken lover. Each edition features a number of chicken dishes created to add flare to everyday cooking, and inspire creativity in the preparation of meals for company. The recipe magazine also features articles on innovative cooking ideas.

CFO's Web site: www.chickenlover.ca is also a respected educational tool for those seeking to learn more about the chicken industry in Ontario. A guided tour of fictional *Joelle's chicken farm* allows visitors to read about the way chickens are grown. In fact, CFO believes so strongly in the unbiased education of the

public, that it provides free educational packages to teachers of various age groups. Interactive units are available to Kindergarten through Grade 5 teachers, while various family studies units are available to Grade 7, 8 and 9/10 teachers.

CFO also takes great pride in being visible at many agricultural and consumer shows and fairs throughout the province each year. Real chicken farmers are on-hand at the booths whenever possible, to answer questions from the public. Consumers have indicated that they prefer to have their questions answered first-hand by the people who grow the chicken they eat. Most consumers feel comforted to learn that chickens are raised in a humane, clean and safe environment, away from predators, insects, and extreme temperatures.

Chicken represents excellent value and outstanding nutrition. Easy to prepare, and flavourful, it is low in fat, high in protein, and contains many other essential nutrients. And, as more and more consumers are finding out, chicken is a versatile product.

So what goes with chicken?

EVERYTHING!

Fast Facts

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- Chicken** Chickens are raised in clean, well-ventilated, climate-controlled barns, where they can roam freely and are protected against hot summers, cold winters, predators, and disease.
 - Chicken** Chickens grown for meat in Ontario do not have their beaks trimmed.
 - Chicken** Chickens have unrestricted access to nutritious feed and clean water, 24 hours a day.
 - Chicken** Chickens grown in Canada are not given any hormones or steroids. In fact, hormone and steroid use has been illegal in Canada since the 1960's.
 - Chicken** All chickens are grain fed. Ontario chicken feed is usually about 70% corn and 30% soybean meal. Some wheat, barley and canola may also be present in the feed.
 - Chicken** The use of medications (such as antibiotics) is closely monitored and must be used in accordance with strict government regulations.
 - Chicken** Chicken farmers in Canada are obligated to use 'flock sheets' to record all levels of any medications they may use in their flocks.
 - Chicken** Chicken is tested by the Canadian Food Inspection Agency to ensure that there are absolutely no medication residues that could cause any risk to human health.
 - Chicken** In Canada, chicken barns are thoroughly cleaned and disinfected after each flock goes to market - thereby creating a safe and clean environment for the next flock coming into the barn. This makes Canadian chicken barns among the cleanest in the world.
 - Chicken** A clean bedding of soft straw or wood shavings is spread on the barn floor before the new, day-old chicks arrive.
 - Chicken** The chicken barn is heated before the chicks are placed, in order to ensure a warm, comfortable surrounding.
 - Chicken** Feed systems and water lines are checked daily - to ensure that birds always have unrestricted access to feed and water.
 - Chicken** Heating, ventilation, humidity and other environmental levels are verified constantly, often using top of the line technology, to ensure that the birds are comfortable and stress free.
 - Chicken** Chickens grow to market weight in about 6-8 weeks. Most farmers grow six flocks a year.

The chicken industry in Ontario has come a long way since the 1960's, and its many proud accomplishments are a direct result of **SUPPLY MANAGEMENT: A RECIPE FOR SUCCESS**