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national farmers union
In Union Is Strength

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VIA FAX 905-637-3464

Dear Ms. Mackie:

The National Farmers Union (NFU) welcomes this opportunity to participate in the “Consultation on Small Flock Policy” undertaken by the Chicken Farmers of Ontario.

We welcome the efforts of the CFO over the past year to conduct this pilot project. The CFO has responded to legitimate requests by farmers and farm organizations to address the need for regulations governing small flock exemptions.

The NFU put forward a proposal for small flock exemptions in 2006. In that proposal, the NFU expressed its strong support for supply-managed commodities and the original principles of supply-management. The supply-management system estimates demand, coordinates supply and returns costs of production to family farms. The NFU fully supports collective marketing of farm products so that family farms receive a fair price for their work and investment.

It is widely acknowledged that supply-management ensures Ontario chicken farmers access to their domestic provincial market. However, the NFU membership believes allowing reasonable quota exemptions will improve the supply-management system by permitting alternative production methods and the direct marketing approach of small flock farmers. In order to ensure the ongoing success of the current supply-management system, it is important to build sufficient flexibility into the system to accommodate the needs of the market.

While the benefits of the supply-management system are readily apparent, it must be acknowledged that there are problems that need to be overcome in the future if the industry is to survive and if family farms are to remain the foundation of the system. For example, the price of chicken quota and the high minimum purchase requirement make it

difficult for new growers to enter commercial chicken production. Beginning farmers can use a small chicken flock to help maintain the viability of their farms; and small chicken flocks are an excellent first enterprise for farm children and teenagers. The strong demand for locally-grown and processed chicken provides farmers with the potential for diversified production and diversified income sources. These small chicken flocks are also likely to be more genetically diverse than high-volume commercial chicken operations, and therefore have the potential to be more immune to disease outbreaks provided operators follow appropriate health and safety protocols.

In our presentation in 2006, the NFU had requested an exemption for farmers raising less than 2,000 birds per year, and marketing those birds direct to consumers at the farm gate or at a farmers' market stall. The NFU at that time pointed out that this exemption was similar to the quota exemption that exists in Alberta.

While we greatly appreciate the CFO's willingness to conduct a one-year pilot project with a ceiling of 300 birds, we respectfully suggest that the CFO extend the pilot project for another year at a minimum, and that the maximum number of birds permitted in the pilot project be raised. The current limit of 300 birds is too low given the growing consumer demand for this product and the rising awareness among consumers of the importance of supporting local food production.

The NFU reiterates a recommendation from our earlier submission, which urges the CFO to establish a Small Flock Committee. The purpose of this committee would be to monitor the success and drawbacks of the ongoing pilot project and to bring forward improvements to the CFO Board of Directors.

As part of its mandate, the Small Flock Committee should continually review the maximum number of birds covered under the exemption. The committee should also explore the question of whether some parts of Ontario which currently have no chicken quota holders and no mainstream commercial chicken production facilities, may be permitted a somewhat-higher number of birds per operator under the exemption rules. In addition, since the average cost of production per bird is higher in northern Ontario, for example, the average operator may require additional birds in the flock to meet his costs.

The Small Flock Committee could also play an important role in dealing with matters involving small flock quota holders. Many NFU members in Ontario are currently small flock quota holders. In discussions with these farmers, they have advised us that small flock producers have a difficult time fitting into the CFO's system. While they acknowledge that CFO staff members have been very helpful, they believe that time and resources are periodically wasted trying to fit a round peg into a square hole. These producers, joint members of both of our organizations, have called for the examination of a separate system that still operates within the overall supply-management system. The Small Flock Committee would be well-placed to deal with this constituency directly or through a focus-group format to solicit their ideas and opinions. In many ways these farmers are the CFO's best advertisement, as they have direct contact with eaters of chicken, and can speak to other farmers about the positive nature of supply-management.

In our view, these small flock quota holders should be more directly involved in charting the course of this pilot program, as well as any future initiatives undertaken by the CFO.

It is noted that the CFO did not charge any administrative or licensing fees to participants in the 2008 pilot project. We feel the decision whether to levy such fees should remain with the CFO, but we also believe such levies, if imposed, should be based solely on a cost-recovery basis to allow CFO to recoup administrative costs. The fees paid by small flock participants in the pilot project are justified, since it is unfair to expect mainstream quota holders who are currently CFO members to shoulder the costs incurred by the CFO for non-quota holders.

The current pilot project allowed sales only at the farm gate, and restricted advertising to “passive” advertising. There were no provisions allowed in the pilot project for small flock operators to sell their product at farmers’ market stalls. The NFU recommends that the rules be broadened to allow both “active” advertising and the sale of product at farmers’ market stalls. The farmers’ markets are really an extension of the farm gate, and provide an important marketing tool for small flock operators. They also represent the only opportunity for many consumers to access this type of chicken.

The NFU agrees with the requirement in the pilot project that all chickens must be legally processed at licensed facilities. Based on this requirement, which is designed to ensure the safety of the food being processed, the restriction against sales at farmers’ markets is unnecessary.

The enforcement of the exemption requirements - with registration taking place at the time of purchase of the chicks – should continue. However, the current requirement that processing plants be responsible for “policing” production levels at individual farms is not appropriate. This may have the unfortunate, and unintended, consequence, of creating a parallel slaughter system outside the accepted licensed facilities.

The pilot project launched by the CFO this past year has been of tremendous importance. We feel that now, more than ever, the CFO has much to gain from putting a permanent, long-term program similar to this pilot project in place to allow farmers to market directly to consumers. The benefits to CFO of involving small flock operators in important consultations, such as protocols to deal with avian disease outbreaks, for example, are readily apparent.

The NFU looks forward to the outcome of this review process. At the present time, it is difficult to judge the project’s success because data regarding the numbers of chicks sold under the program is not available at this time. We are interested in learning more details, including whether concerns have been raised by processors, or whether authorities have moved to crack down on large-scale, illegal sellers operating outside the quota system.

The review of this pilot project will hopefully show that an exemption for small flocks has a very minimal effect on existing mainstream producers who currently own quota and produce broilers within supply management for Ontario. We are confident that most, if

not all, of the production that takes place under this exemption would either increase chicken consumption in Ontario, or replace production that is currently taking place outside of supply management.

The NFU looks forward to further consultations on this pilot project and the issue of small flock exemptions.

Respectfully,

Dave Lewington
Poultry Committee Chair
National Farmers Union in Ontario

Grant Robertson
Ontario Coordinator
National Farmers Union