

Chicken Farmers of Ontario

Specialty Breeds Chicken Policy No. 252-2020

Made under: *The Farm Products Marketing Act*

Effective: September 29, 2020

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Section 1.0 – Specialty Markets Strategic Vision

1.0 The strategic intent of this Policy is:

Vision: An innovative, supply managed, ethnic consumer driven, strong, sustainable and profitable Ontario specialty breeds chicken industry value chain.

Key Result Areas:

1) To increase the growing and marketing of specialty breeds chicken products by CFO farmer-members;

2) To increase the number of new, successful farmer-members meeting specialty breeds chicken markets;

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- 3) To consistently grow superior quality, safe specialty breeds chicken with animal welfare and care by CFO farmer-members;
 - 4) To maintain sustainable performance, strong relationships and integrity along the evolving specialty breeds chicken industry value chain; and
 - 5) To increase opportunities for polycentric growth across the specialty breeds chicken industry value chain.

Section 2.0 – The Role of CFO

- 2.0 CFO, as the steward and regulator of an innovative supply managed business model, to:
- a. become our farmer-members’ strategic business partner by providing leadership, knowledge and resources to grow and market specialty chicken;
 - b. become a trusted and reliable business partner to the specialty breeds chicken industry value chain by providing leadership, knowledge and resources to successfully evolve Ontario’s specialty breeds chicken sector; and
 - c. provide for the control, regulation and administration in any and all respects of growing or marketing, within Ontario of specialty breeds chicken, including the prohibition of such producing or marketing in whole or in part.

Section 3.0 – Definitions

- 3.0 In this Policy, the Specialty Breeds Chicken Program, and in evolving the Ontario specialty breeds chicken sector, terms used will have common meaning:
- a. “*Board*” means CFO.
 - b. “*CFC*” means Chicken Farmers of Canada.
 - c. “*CFC Specialty Production Policy*” means Part II of the CFC Market Development Policy.
 - d. “*CFO*” means Chicken Farmers of Ontario.
 - e. “*Custom Processor*” means a person who slaughters chicken and is the holder of a Class B licence issued by the Board.

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- f. “Existing CFO farmer-member” means a person engaged in the growing of chicken to whom the Board has allotted basic quota.
 - g. “Farmer-member” means a new or existing CFO farmer-member.
 - h. “Form SBC” means a marketing agreement specifying the terms by which the growing and marketing of specialty breeds of chicken is to occur.
 - i. “Industry Value Chain” means all of the various businesses in the specialty breeds chicken sector. For example: hatchery, farmer-member, wholesaler, distributor and retailer, etc.
 - j. “New farmer-member” means a person growing specialty breeds of chicken to whom the Board has allotted the right to do so.
 - k. “Processor” means a person who slaughters chicken and is the holder of a Class A licence issued by the Board and is a “licenced Ontario chicken processor” as described in Section 17 of Ontario Regulation 402.
 - l. “Specialty Breeds Allotment” (SBA) means the maximum amount of kilograms allotted over six consecutive quota periods by the Board to a farmer-member who has been approved as a Specialty Breeds Chicken farmer-member.
 - m. “Specialty Chicken” means any distinct chicken product produced through a unique growing or processing method and sold exclusively to a distinct market and which builds overall market growth.
 - n. “Specialty Breeds of Chicken” means chicken of specific breeds grown and marketed with head and feet on, as designated by CFC and listed in Schedule 4 of the *Canadian Chicken Licensing Regulations*.
 - o. “Specialty Breeds Chicken Applicant” (SBCA) means a person, acting in collaboration with an industry value chain business partner, who requests the opportunity to grow and market specialty breeds of chicken.
 - p. “Specialty Breeds Chicken Program” (SBCP) means the application based program administered by the CFO under this Policy that provides for the right to grow and market specialty breeds of chicken.
 - q. “Specialty Breeds Chicken Quota” means the allocation made to CFO by CFC under its Specialty Production Policy.

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- r. “*Specialty Market Advisory Team*” (SMAT) means the team whose mandate includes delivering on the Board’s strategic intent of this policy and achieving the Board approved Key Result Areas of the Specialty Breeds Chicken Program. The composition of the SMAT and its mandate shall be periodically reviewed by the Board.
 - s. “*Specialty Chicken Processor*” means a processor or a custom processor engaged in the slaughter of specialty chicken.
 - t. “*Unauthorized Specialty Chicken Grower*” means a person who is producing a breed of chicken that is specialty breeds chicken as defined in the CFC Specialty Production Policy and who has not been allotted a quota or SBA by the Board.

Other words and phrases used in this policy shall have the same meaning as found in the “Words and Meanings Regulation” made by the Board.

Section 4.0 – Specialty Breeds Chicken Program Fundamentals

This Policy will be applied by the Board in a manner consistent with the CFC Specialty Production Policy, Part II of the CFC Market Development Policy and delivered by the Specialty Breeds Chicken Program.

- 4.01 As part of the CFC’s Specialty Production Policy, it is required that provinces establish a Specialty Breeds Chicken Program that is consistent with the CFC Specialty Production Policy.
- 4.02 Under the CFC Specialty Production Policy, specialty breeds of chicken are designated by CFC and listed in schedule “4” of the Canadian Chicken Licensing Regulations.
- 4.03 An allocation of kilograms will be made available by CFC for the growing of designated specialty breeds of chicken, the sum of which will be allotted by CFO to farmer members who have been approved under the SBCP.
- 4.04 New farmer-members allotted SBA and when having complied with all CFO Policies and Regulations, will have the same rights and obligations as existing farmer- members who are allottees of basic quota and unless otherwise stated in this Policy.
- 4.05 Farmer-members may be allottees of basic quota and SBA at the same time. However, production rights including crop quotas are not transferrable between basic quota and SBA allotments.
- 4.06 By implementing this Policy, the Board will administer a program that allots, in respect of particular farmer-members, a Board approved quantity of SBA.

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- 4.07 CFO may alter its approach to the manner in which it allots SBA to farmer-members who should not view themselves as having acquired any property rights, grants, licences, entitlements or approvals as a result of being allotted SBA.
 - 4.08 In administering the Specialty Breeds Chicken Program, CFO may determine to reduce, revoke or limit the amount of SBA allotted to a farmer-member if such allotment could contradict the purpose of this policy or cause or contribute to an undesired outcome in relation to the administration of this policy and the success of the SBCP.

Section 5.0 - Farmer-Members Business Opportunity

- 5.01 There will be an application process, administered by CFO, in accordance with the CFC Specialty Production Policy for any person or Existing CFO farmer-member wishing to apply for SBA. This application process shall include the submission of a detailed business plan by the applicant.
- 5.02 A person or existing farmer-member, in collaboration with a provincially or federally licenced processor, must apply digitally, as the lead applicant, to the Board for approval to engage in the growing and marketing of specialty breeds of chicken and to obtain the right to a Specialty Breeds Allotment
- 5.03 The Board will annually establish a maximum amount of specialty breeds of chicken that shall be available under the Specialty Breeds Chicken Program, equal to the Specialty Chicken Breeds Quota allocated by CFC over the same time period.
- 5.04 Applicants are required to submit a comprehensive business plan to demonstrate their commitment to meet a specialty breeds chicken market and to grow the minimum level of production of specialty breed of chicken per quota period, as determined annually by the Board for the program.
- 5.05 A SBA holder must grow specialty breeds of chicken year-round, as per their approved business plan, and have dedicated barn capacity to produce 100% of the allotted annual SBA.
- 5.06 A farmer-member may produce chicken for up to one year in a non-owned facility as a temporary transition to meeting clause 5.05, subject to having demonstrated a commitment to build and own a facility within the year, and the non-owned facility meets CFO Policies and Regulations, as audited and certified by a CFO Field Service Representative.
- 5.07 Farmer-members shall make marketing agreements with a provincially or federally licensed processor involved in marketing on Form SBC.

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- 5.08 A farmer-member is required to meet digital reporting requirements for reports established by the Board.

Section 6.0 – Industry Value Chain Partners Business Opportunity

- 6.01 A farmer-member may develop a commercial relationship with any industry value chain business partner and must include a provincially or federally licensed processor involved in marketing specialty breeds of chicken.
- 6.02 Farmer-members may self-market specialty chicken on the same basis as provided for by CFO in its *Self-Marketing Policy*, provided that the term “end-user” shall be deemed to include the industry value chain and the limitations found in Sections 2.03 and 3.01 of the *Self-Marketing Policy* shall not apply.

Section 7.0 - Specialty Breeds Allotment

- 7.01 SBA will be based on kilograms, live weight and based on a six consecutive quota period. During this six consecutive quota periods farmer-members shall be permitted to adjust their production in accordance with their allotted SBA to meet seasonal demand and other market fluctuations.

For new and approved applicants, SBA will only be allotted based on a CFO application and approval process.

- 7.03 SBA is specific only to the particular farmer-member to whom it is granted and is not tradable, transferable, rentable and may not be pledged as security for indebtedness, and has no monetary value attributed to it.
- 7.04 Once SBA has been allotted, farmer-members must meet all CFO Policies and Regulations before SBA is renewed;
- 7.05 Existing CFO farmer-members may hold both basic quota and SBA, but only if they currently hold a minimum of 14,000 basic quota units.
- 7.06 Every SBA allotment must be grown first, and any chicken other than specialty breeds grown under a basic quota allotment will not be counted against the CFC Specialty Breeds Chicken Quota allocation.
- 7.07 An existing farmer-member who has been granted an exemption from the minimum quota holdings for the purpose of growing specialty breeds of chicken and who holds

less than 14,000 units of basic quota may only use that basic quota for specialty chicken other than specialty breeds of chicken.

- 7.08 Basic quota allotments and SBA production must remain segregated, as production may not occur in the same barn.
- 7.09 Each SBA holder will have the associated SBA rights renewed annually, subject to having adhered to this policy and all other applicable CFO policies and regulations and until the farmer-member makes a decision to exit the sector. Subject to section 7.12, the Board will determine and allot SBA to a SBA holder in an amount equal to the average number of kilograms of specialty breeds chicken grown over the previous twelve quota periods by that SBA holder. An application for a different SBA must be supported by a business plan.
- 7.10 CFO, on an annual basis, will determine whether to allot additional kilograms of SBA. Such additional SBA kilograms will be at the discretion of the Board with consideration to new applicants wishing to enter the specialty breeds sector.
- 7.11 CFO will consider transferring SBA upon the sale of the production facilities to the new owner, provided the new owner is in compliance with this Policy and such other requirements as CFO may consider appropriate.
- 7.12 A processor may process both specialty breeds of chicken and chicken other than specialty breeds of chicken.
- 7.13 Farmer members must produce and market the SBA allotted. In the event that the farmer-member under or over produces in relation to the SBA allotted, the Board may, on renewal, adjust the SBA available to that farmer-member for the subsequent six quota periods.
- 7.14 Upon exiting the specialty breeds chicken sector, the SBA is surrendered to CFO,

Section 8.0 - Pricing

- 8.01 The Board will establish and administer a pricing mechanism for specialty breeds of chicken.
- 8.02 Notwithstanding the marketing partnership established, farmer-members and their industry value chain partner are required to adhere to the pricing mechanism.
- 8.03 The Board will establish a "Sector Development Service Charge" on an annual basis, with the amount established payable electronically within 30 days to CFO after the farmer-member has received payment for the chicken marketed.

Section 9.0 - Monitoring Compliance

- 9.01 The successful applicants are responsible for compliance with all federal, provincial, territorial, regional, municipal, or other governmental boards or agency requirements, including, but not limited to, labour, environmental, animal care and food safety regulations.
- 9.02 The Board may suspend or revoke its allocation of SBA for any reason it considers proper including, but not limited to, a farmer-member who does not fulfill his commitments under this Policy or any other applicable Board policy or regulation.
- 9.03 The Board may require compliance with additional terms, upon reasonable notice to a farmer-member.
- 9.04 This Policy is not intended to be a substitution for the requirements of any other Board policy or regulation but is designed to be read in conjunction with such requirements that may apply to the production and marketing of chicken.
- 9.05 The Board's approval of an applicant's request for SBA will be subject to the applicant acknowledging and agreeing to comply with all of the terms and conditions outlined in this Policy.
- 9.06 The farmer-member and their industry value chain partner are subject to scheduled and random inspections or audits by an appointed inspector of the Board.
- 9.07 The farmer-member and their industry value chain partner, as applicable, shall maintain records to confirm compliance with the Policy as required by the Board's General Regulation.
- 9.08 Farmer-members and their industry value chain partner shall submit all required forms and requested information, including actual production, as required by CFO and CFC, digitally and as per specified timelines.

Section 10.0 – Governance

- 10.01 The Board has sole authority for the allotting of SBA.
- 10.02 Every industry value chain participant is responsible for any claims arising from the production and processing and marketing of specialty breeds of chicken, including, but not limited to, product liability claims.
- 10.03 Applicants under the Specialty Breeds Chicken Program shall be required to

acknowledge that the Board, its employees, officers, directors, and agents are not liable respecting any claims, charges, damages costs and expenses that may arise out of or in connection with the marketing of chicken by the farmer-member.

Section 11.0 – Continuous Improvement and Evolution

- 11.01 The Board shall establish a SMAT which will provide support to the Board in its stewarding of the specialty breeds chicken sector. The SMAT does not have any decision making authority.
- 11.02 The Board shall periodically review the Specialty Breeds Chicken Program, establish the amount of SBA to be eligible for existing and new applications, appoint the Specialty Market Advisory Team and may engage in consultation with relevant industry stakeholders and the SMAT.
- 11.03 The Specialty Breeds Chicken Program provisions shall be periodically reviewed as determined by the Board. In conducting its review, the Board shall determine whether to renew, amend, suspend or terminate the program for new applications.
- 11.04 The Specialty Breeds Chicken Program is not intended to preclude or be in substitution for the promotion and advancement of specialty chicken, and CFO may consider all available means whereby specialty chicken, other than specialty breeds of chicken, may be produced and marketed under the producer quota and processor allocation systems established and administered by CFO. Persons or farmer-members or chicken industry value chain participants may make application to CFO for approval to engage in specialty chicken production and marketing as they deem appropriate.

Section 12.0 – Revocation

12.01 Policy No. 251-2020 made by the Board on the 20th day of August 2020, is hereby revoked as of the effective date and this Policy is substituted therefor.

BY ORDER OF Chicken Farmers of Ontario

DATED AT Burlington, Ontario this 29th day of September, 2020



Chair



Corporate Secretary