

Chicken Farmers of Ontario

Cobourg Regional Risk Workshop

July 15, 2019
Cobourg, Ontario



BRYAN BOYLE & ASSOCIATES
FACILITATING YOUR FUTURE

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Executive Summary

On July 15, interested Chicken Farmers of Ontario (CFO) farmer-members and CFO staff met at the Best Western Hotel and Conference Centre in Cobourg for a highly interactive workshop facilitated by Bryan Boyle. This session was part of a regional CFO farmer-members' meeting.

The purpose of the session was to solicit valuable input from farmer-members relating to risks facing supply management, the Ontario chicken industry, and their local family farm as well as how these risks could be reduced or eliminated by actions of CFO or individual farmer-members. The input generated will help to create a practical and realistic Strategic Plan for Chicken Farmers of Ontario.

Risk has been defined as "An uncertain event or condition leading to an unfavourable outcome. It may result in loss, injury or other adverse circumstance".

At the workshop participants addressed three critical questions relating to risk in supply management, the Ontario chicken industry, and their local family farm. The three questions were What? So What? and Now What?

What? – Observations, Perspectives
 So What? – Consequences of Inaction
 Now What? - Suggested Actions

Participants identified risks that face supply management, the Ontario chicken industry, and their local family farm. These specific risks were grouped under the various themes and then prioritized with the following results.

- 1st: Financial
- 2nd: Political/Trade
- 3rd: Competition
- 4th: Operational
- 5th: Reputational
- 6th: Compliance
- 7th: Strategic
- 8th: Other

Participants were asked, "What are the consequences of inaction relating to addressing the risks that face supply management, the Ontario chicken industry, and your local family farm?" Examples of their responses included loss of supply management, not satisfying the Canadian market for chicken, financial losses as well as decreased reinvestment.

There are many actions that could help to effectively mitigate the risks facing supply management, the Ontario chicken industry, and local family farms. Participants identified a number of potential actions to address each of the various specific areas of risk.

The workshop was a productive event, where the participants were very engaged. Through their valued input, the participants present took an important step in identifying risks and their potential mitigation. This could help ensure a strong and vibrant future for supply management, the Ontario chicken industry, as well as their local family farms.

Chicken Farmers of Ontario
Cobourg Regional Risk Workshop
Best Western Inn and Conference Centre, Cobourg
July 15, 2019 Facilitated by Bryan Boyle

Purpose of the Session

To solicit valuable input from farmer-members relating to risks facing supply management, the Ontario chicken industry, and their local family farm as well as how these risks could be reduced or eliminated by actions of CFO or individual farmer-members

The input generated will help to create a practical and realistic Strategic Plan for Chicken Farmers of Ontario.

Throughout this report whenever two or more of the three discussion groups offered the same or very similar comments they are noted with an "x" and the number, i.e. (x3).

Defining Risk

Risk has been defined as:

An uncertain event or condition leading to an unfavourable outcome. It may result in loss, injury or other adverse circumstance.

Our Approach

At the workshop we addressed three critical questions relating to risk in supply management, the Ontario chicken industry, and their local family farm.

The 3 Questions: What? So What? and Now What?

What? – Observations, Perspectives
So What? – Consequences of Inaction
Now What? - Suggested Actions

What?

Identifying Specific Risks

There are many risks that face supply management, the Ontario chicken industry, and local family farms.

Key areas of risk may include:

- S - Strategic
- O - Operational
- C - Compliance
- F - Financial
- P - Political/Trade
- CO - Competition
- R - Reputational
- OT - Other

Participants identified risks that face supply management, the Ontario chicken industry, and their local family farm.

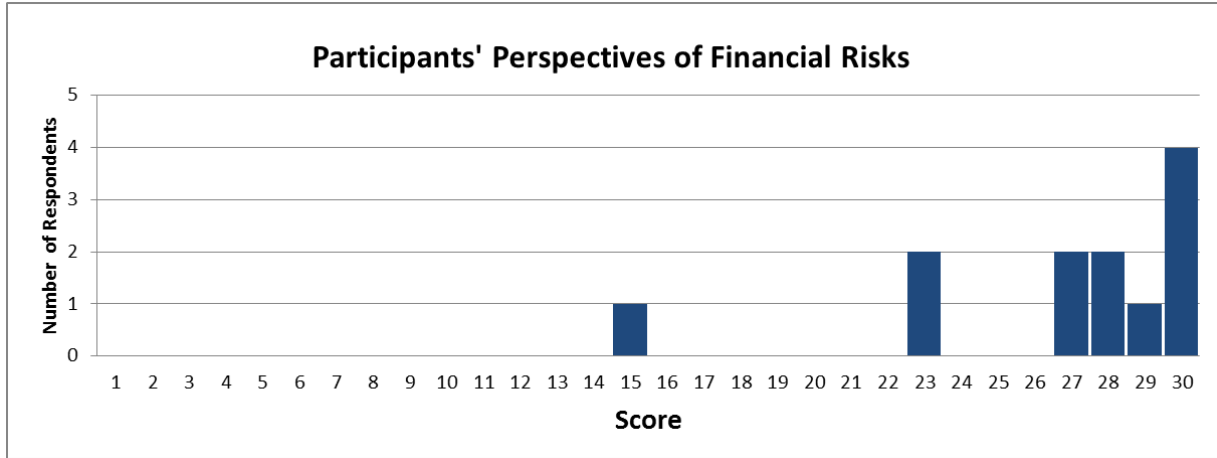
These specific risks were grouped under the various themes and then prioritized. For prioritizing, participants used the following approach and the results are shown in the table below.

On the ballots that were numbered from 1 to 30, participants placed each of the 8 letter codes from the areas or themes of risks somewhere on the 1 to 30 grid at the point that they feel best describes the need for action in that area of risk.

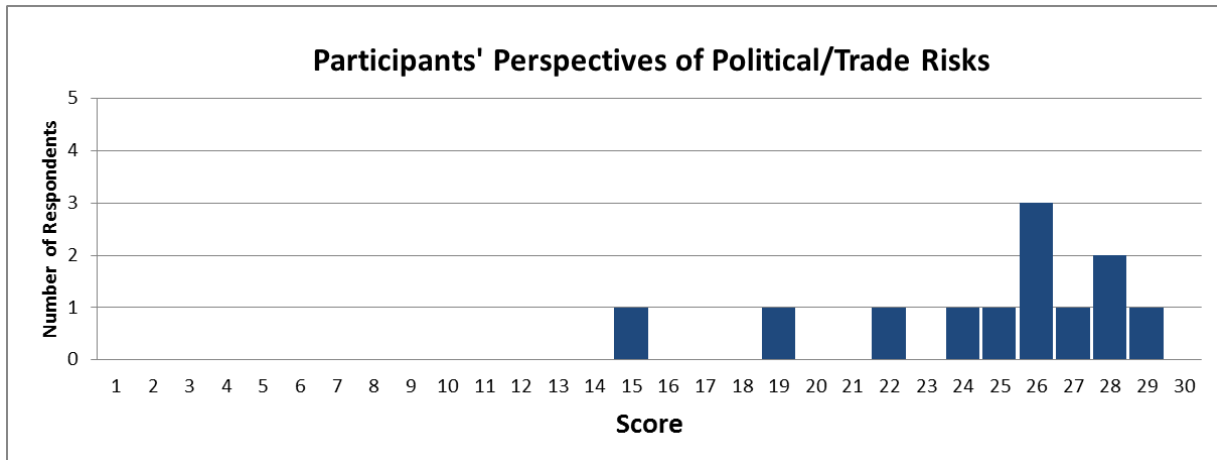
#30 = “Highest Priority for Action”: It is critically important that we move quickly and decisively to address this area of risk to ensure a strong and viable future for supply management, the Ontario chicken industry, and our local family farm.

#1 = “Lowest Priority for Action”: Addressing this risk is a much lower priority either because it is currently being effectively addressed or is not that significant compared to some other risks in supply management, the Ontario chicken industry, or our local family farm.

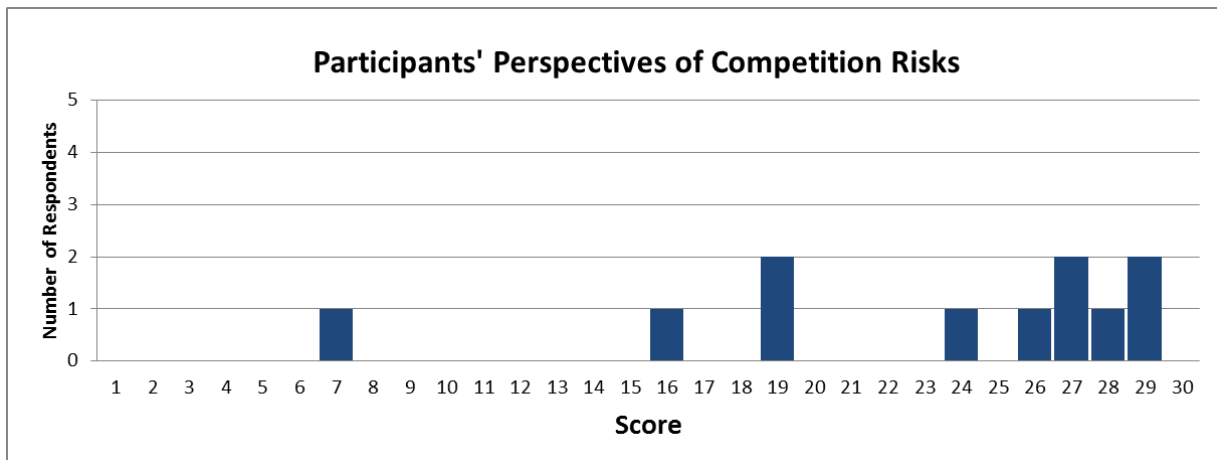
Priority Rank	Areas or Themes of Risk	Average Significance Score (Maximum = 30)
1 st	Financial	26.67
2 nd	Political/Trade	24.58
3 rd	Competition	22.82
4 th	Operational	21.17
5 th	Reputational	20.33
6 th	Compliance	19.42
7 th	Strategic	17.17
8 th	Other	8.43



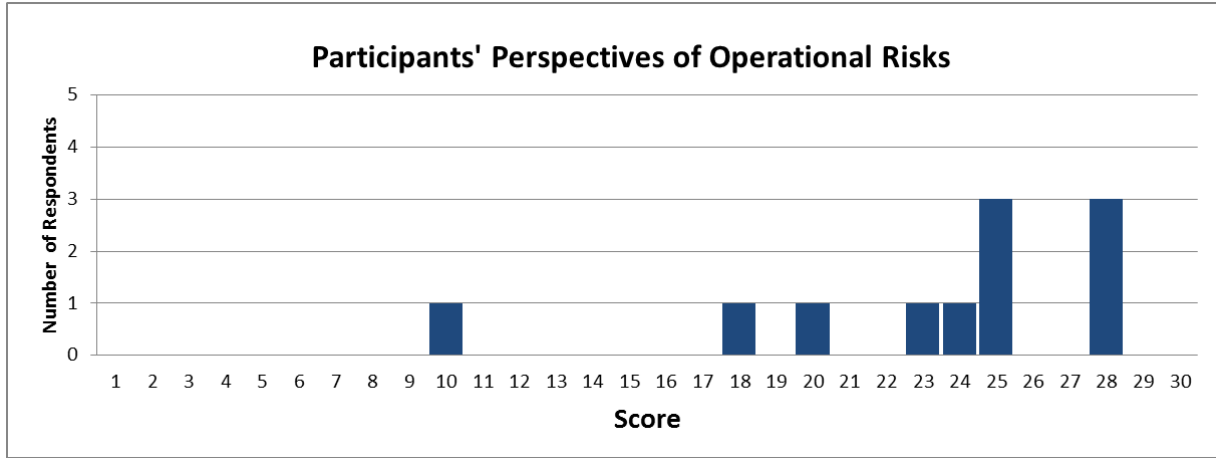
Average = 26.67



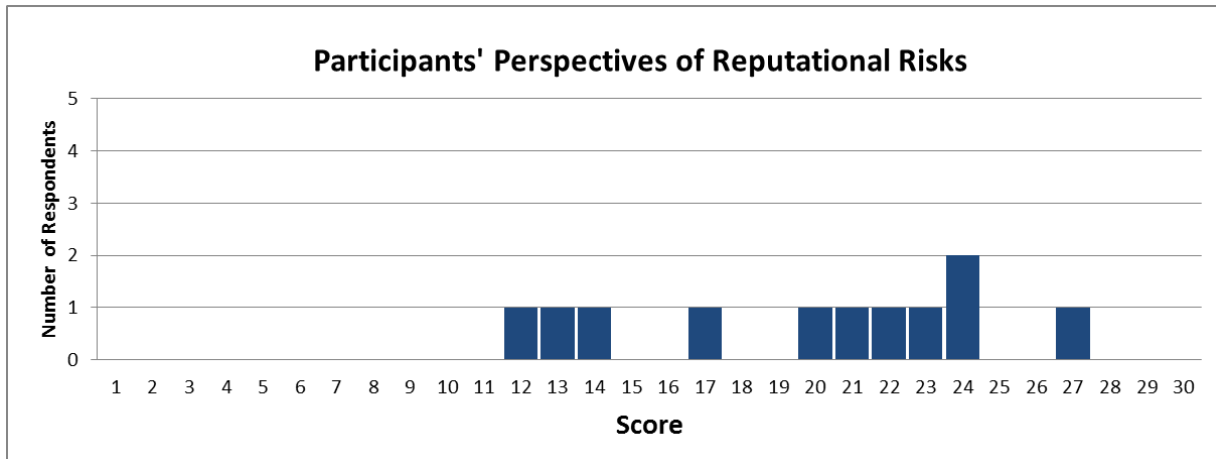
Average = 24.58



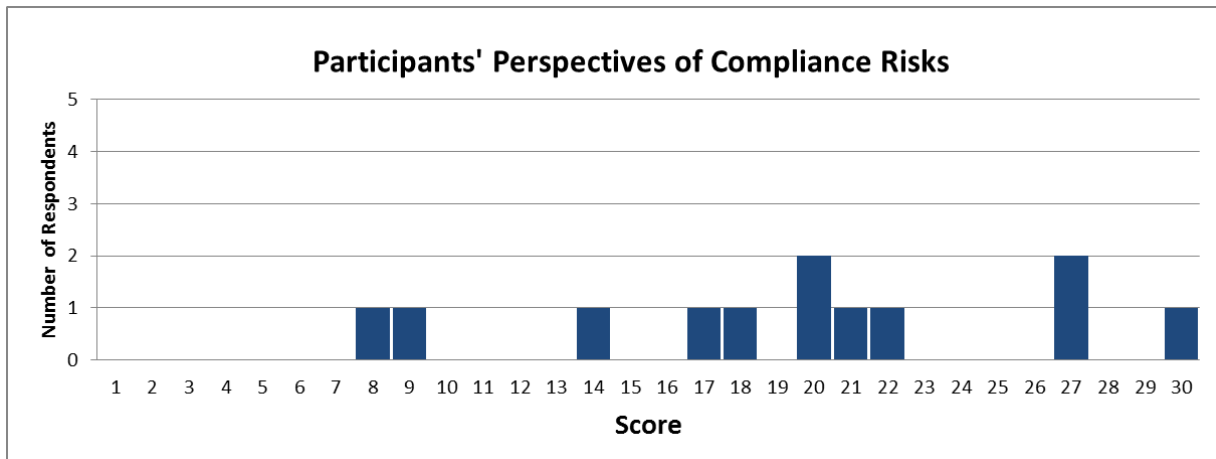
Average = 22.82



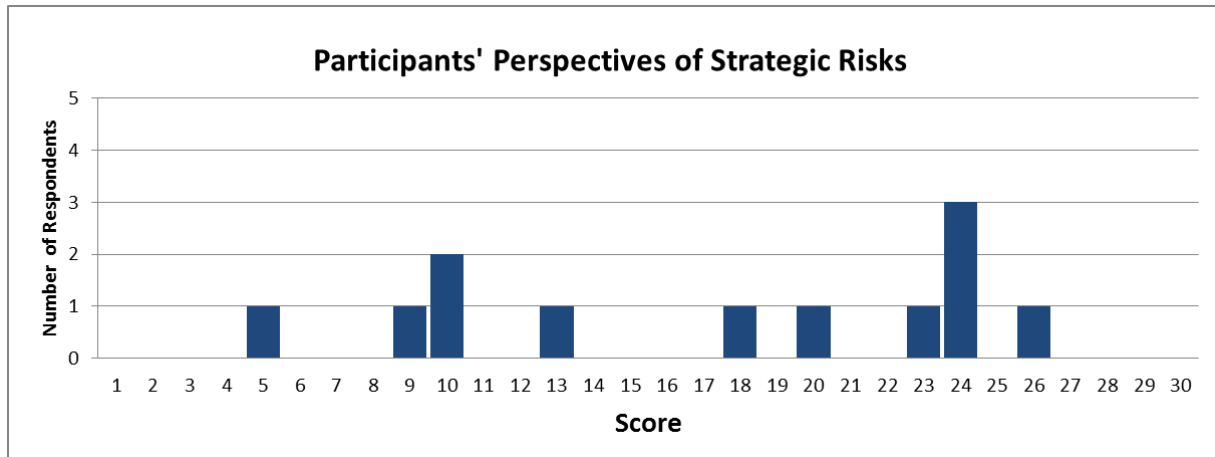
Average = 21.17



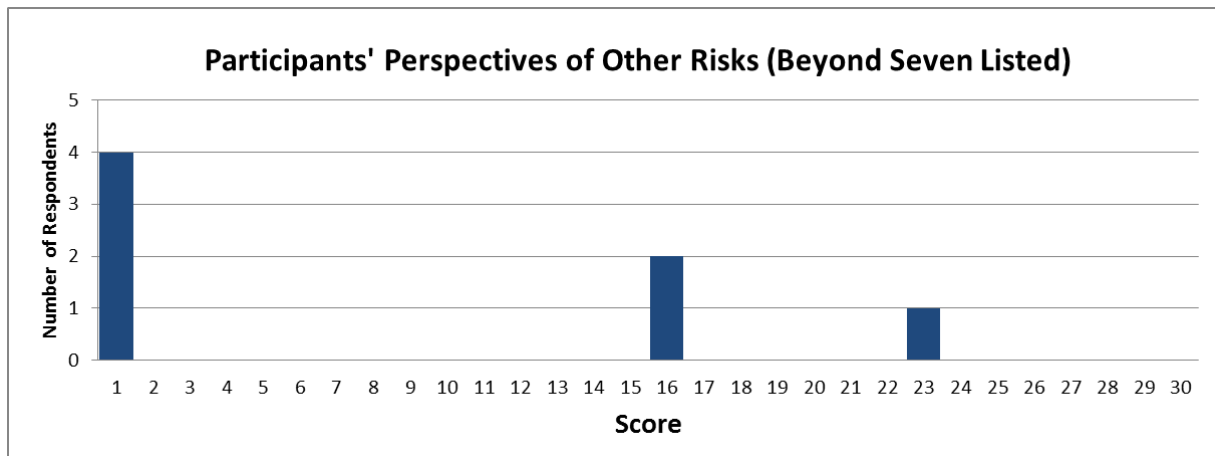
Average = 20.33



Average = 19.42



Average = 17.17



Average = 8.43

The specific risks that face supply management, the Ontario chicken industry, and their local family farm that were identified by participants included:

1. Financial

- Cost of Production Formula (COPF)
- Increasing control of the industry by the Association of Chicken Processors
- Live price
- Increased input costs

2. Political/Trade

- Trade (Canada-US-Mexico Agreement or CUSMA)
- If USA chicken price plus tariff is less than the Canadian price

3. Competition

- Beyond Meat

4. Operational

- Chick quality (x2)
- Extreme weather
- Health and safety of on-farm labour
- Loss of barn and the resulting relocation
- Disease outbreak

5. Reputational

- Animal activists

6. Compliance

- Excessive documentation required
- Overregulation
- Uninformed public
- Responsible regulations for cost versus benefit is analyzed, e.g. unused barn doors at 400 feet intervals
- Bio-security
- Reduced market access

7. Strategic

- Chickens fed non-GMO feed
- Aging producers

So What?

Identifying Consequences of Inaction

Participants were asked, “What are the consequences of inaction relating to addressing the risks that face supply management, the Ontario chicken industry, and your local family farm?”

- Loss of supply management (x2)
- Not satisfying the Canadian market for chicken
- Financial losses

- Decreased reinvestment
- Other markets taking advantage of us or taking over
- Less viability
- Compromise the quality
- Reduced sustainability

Now What?

Specific Actions Identified Within Risk Areas

There are many actions that could help to effectively mitigate the risks facing supply management, the Ontario chicken industry and your local family farm. To mitigate is defined as to soften, moderate or to make less severe or harsh.

Participants identified potential actions to address each of the various specific areas of risk.

1. Financial

- Do not concede or take concessions on COPF
- Be patient with COPF negotiations
- Analyze financial statements line by line in detail at the farm level

2. Political/Trade

- Keep your MP and MPP aware
- Be proactive in negotiations
- Actively support the political process
- Encourage Canadian branding
- Maintain a strong relationship with other USA politicians but keep a low profile with Donald Trump
- Research political policies

3. Competition

- Provide better education to the public
- Facilitate education regarding the value of our product
- Promote Ontario and Canadian chicken

4. Operational

- Utilize infrastructure more effectively
- Ensure adequate staffing at CFO
- Make energy investments, e.g. natural gas and hydro

5. Reputational

- Educate consumers to offset activists' impact

6. Compliance

- Soften penalties on over/under production targets

7. Strategic

Summary of the Workshop

The workshop was a productive event, where the participants were very engaged. Through their valued input, the participants present took an important step in identifying risks and their potential mitigation. This could help ensure a strong and vibrant future for supply management, the Ontario chicken industry, as well as their local family farms.