

Chicken Farmers of Ontario

Chicken Industry Risk Workshop

July 16, 2019
Guelph, Ontario



BRYAN BOYLE & ASSOCIATES
FACILITATING YOUR FUTURE

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Executive Summary

On July 16, interested stakeholders in the Ontario chicken industry met at the Delta Hotel and Conference Centre in Guelph for a highly interactive workshop facilitated by Bryan Boyle. This session was part of a series of regional Chicken Farmers of Ontario (CFO) farmer-members' and industry stakeholders' meetings.

The purpose of the session was to solicit valuable input from industry stakeholders relating to risks facing supply management, the Ontario chicken industry, and local family farms as well as how these risks could be reduced or eliminated by actions of CFO, industry stakeholders 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 local family farms. 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 local family farms. These specific risks were grouped under the various themes and then prioritized with the following results.

- 1st: Operational
- 2nd: Political/Trade
- 3rd: Reputational
- 4th: Financial
- 5th: Competition
- 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 local family farms?” Examples of their responses included abolition or loss of supply management, impact on food safety, erosion of public trust and confidence, shrinkage of market demand as well as decreased profitability. By the number and variety of the responses it became evident that the participants felt that immediate actions addressing risk are critical.

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 local family farms.

Chicken Farmers of Ontario
Ontario Chicken Industry Risk Workshop
Delta Hotel and Conference Centre, Guelph
July 16, 2019 Facilitated by Bryan Boyle

Purpose of the Session

To solicit valuable input from Ontario chicken industry stakeholders relating to risks facing supply management, the Ontario chicken industry, and local family farms as well as how these risks could be reduced or eliminated by actions of Chicken Farmers of Ontario (CFO), industry stakeholders 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 eight 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 local family farms.

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 local family farms.

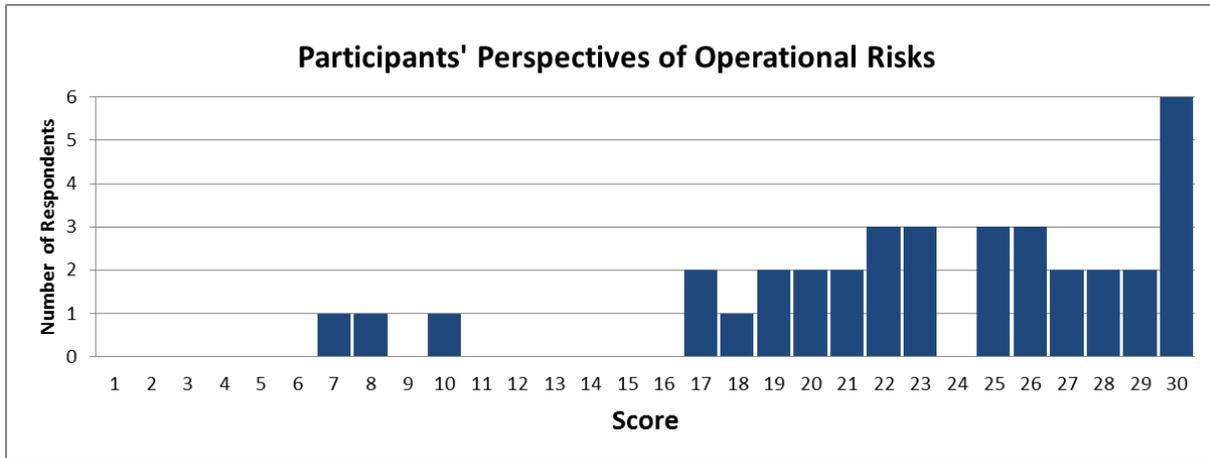
These specific risks were grouped under the various themes and then prioritized. For prioritizing, participants used the following approach and the results are shown in the table below.

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.

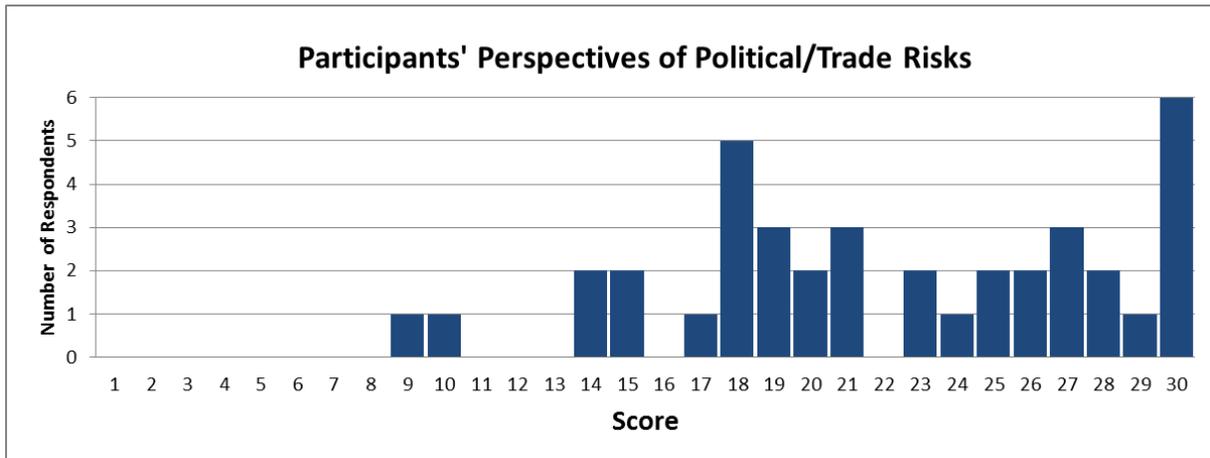
#30 = “Highest Priority for Action”: It is critically important that we move quickly and decisively to address this area of risk to ensure a strong and viable future for supply management, the Ontario chicken industry, and local family farms.

#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 local family farms.

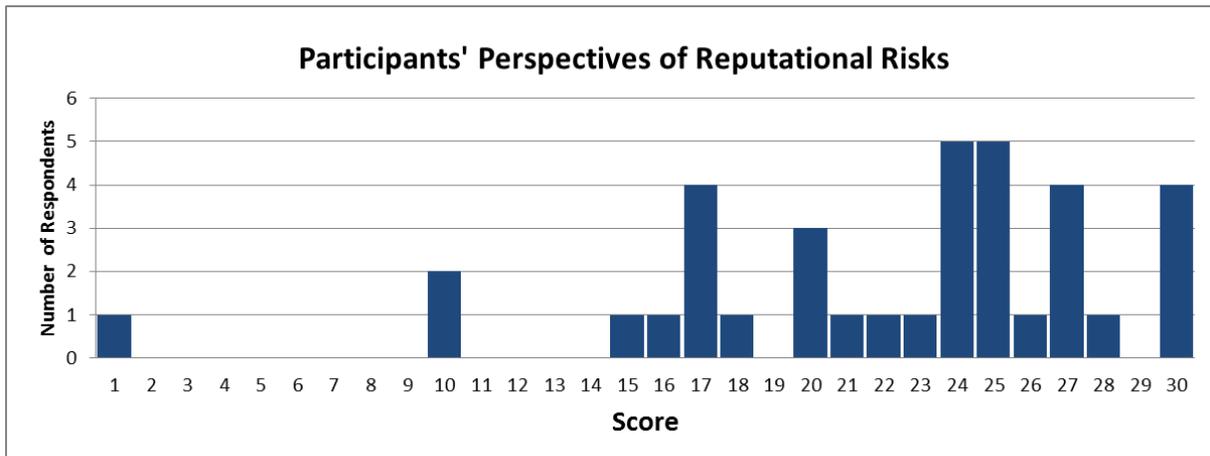
Priority Rank	Areas or Themes of Risk	Average Significance Score (Maximum = 30)
1 st	Operational	23.14
2 nd	Political/Trade	22.10
3 rd	Reputational	21.97
4 th	Financial	21.64
5 th	Competition	19.24
6 th	Compliance	18.35
7 th	Strategic	17.94
8 th	Other	7.83



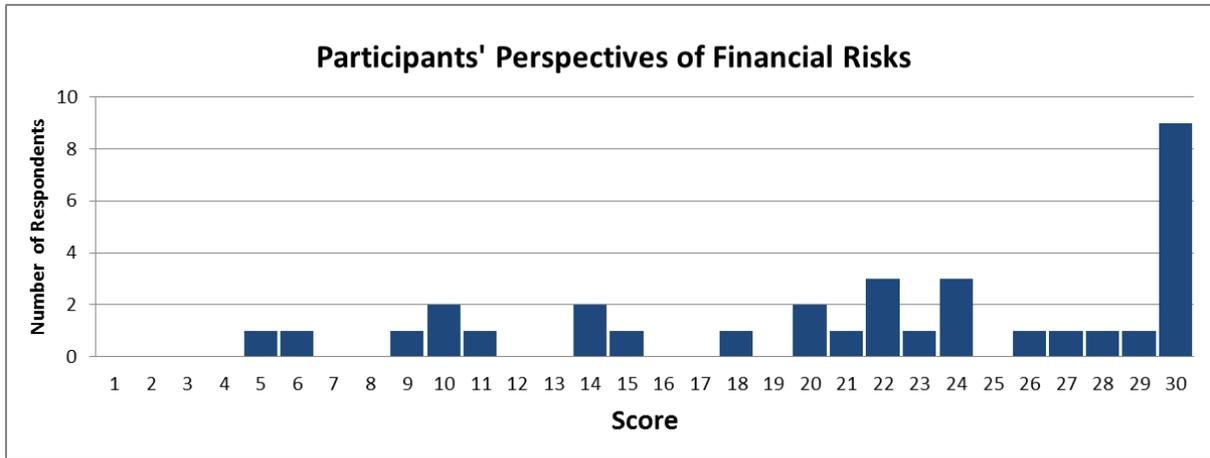
Average = 23.14



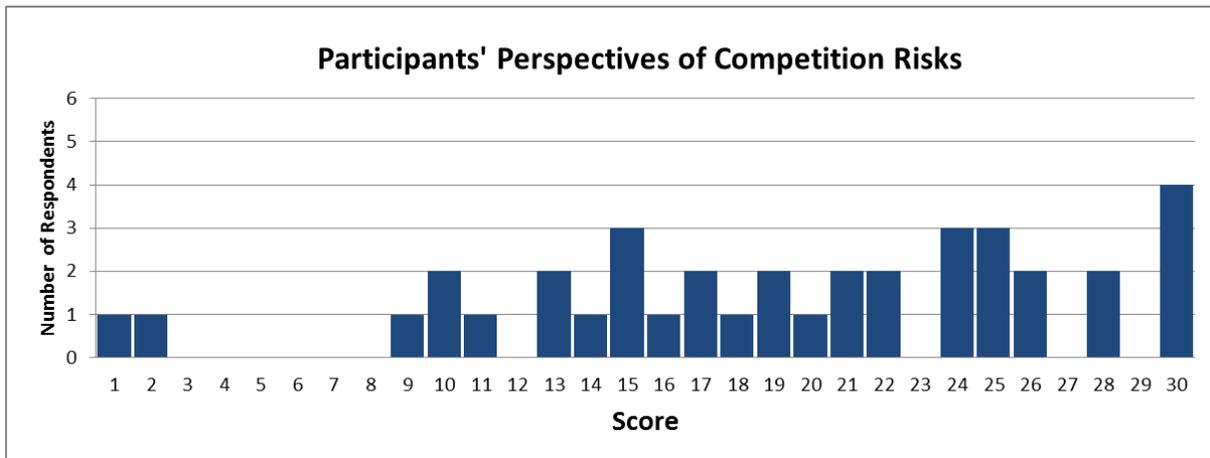
Average = 22.10



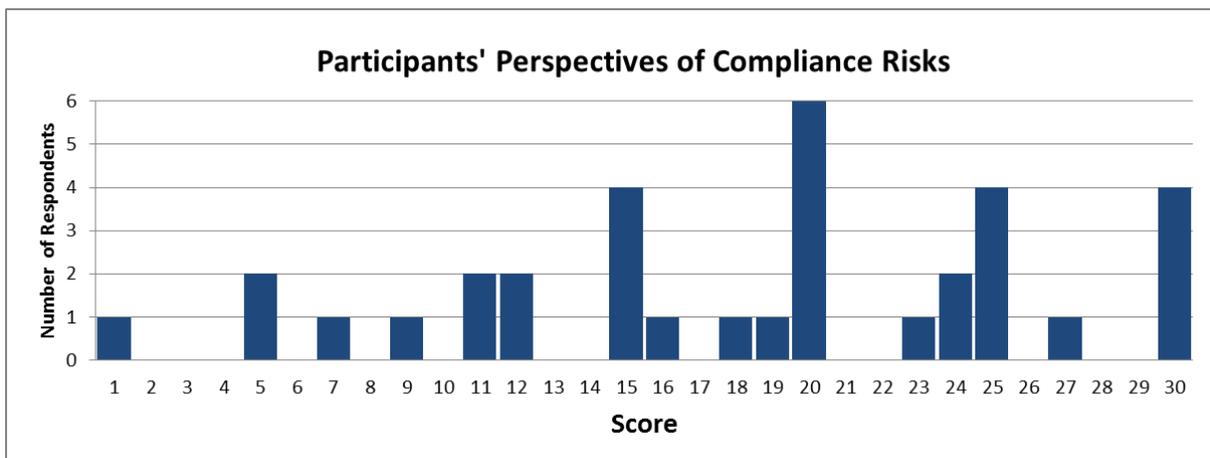
Average = 21.97



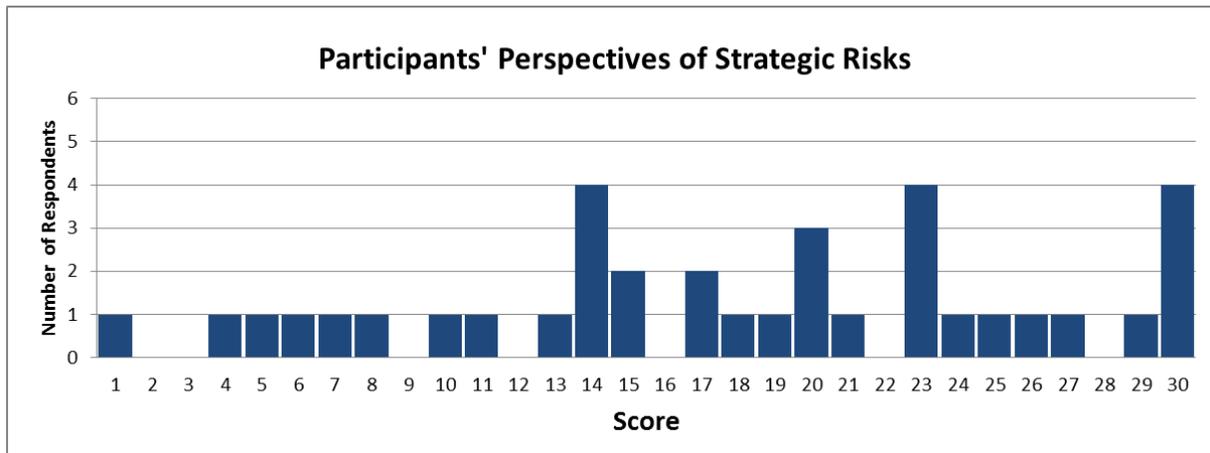
Average = 21.64



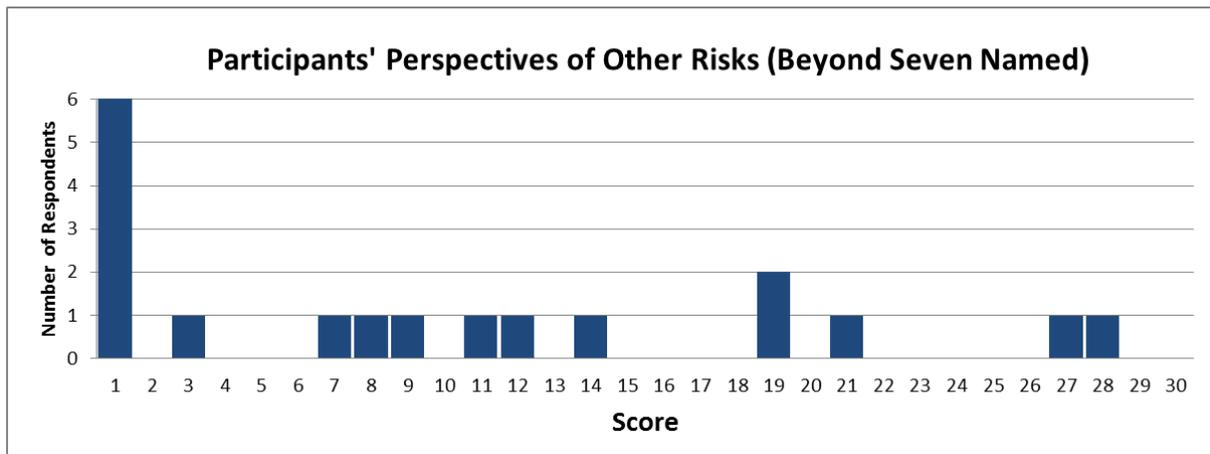
Average = 19.24



Average = 18.35



Average = 17.94



Average = 7.83

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

1. Operational

- Labour shortages across the country, currently not sustainable (x2)
- African Swine Fever (x2)
- Labour for primary and further production
- Severe disease outbreak
- Biosecurity and new diseases
- Shifting consumer preferences
- Animal activists trespassing on farms
- Animal welfare
- Inability for farmers to utilize available growth

- Greenhouse gas and environmental impacts
- Processing capacity
- Strained relationships and the need to mend fences
- Food safety
- Welfare = CFO Cares

2. Political/Trade

- Election of politicians who do not support supply management
- Upcoming election
- Trade deals opening market access
- Current and future trade agreements
- Trade agreements with uncertain starting dates
- Re-election of Donald Trump
- People's Party of Canada (Maxime Bernier)
- Border staff not well trained to identify spent fowl
- Rules around foreign labour attraction

3. Reputational

- Salmonella transmission including to the consumer
- Animal activists
- Consumer demand for transparency and traceability
- Marketing reputational perspective of Antibiotic and Animal By-Product Free (AABF) vs Raised Without Antibiotics (RWA)
- Consumer biases are fickle
- Consumer confidence or public trust
- Consumer misinformation
- Cyber security
- Lack of research investment
- Category III antibiotic elimination

4. Financial

- Cost of Production Formula
- Increase in quota prices
- Financial sustainability
- Consumer perceptions of specialty products

5. Competition

- Plant-based proteins, e.g. Beyond Meat (x3)
- Plant-based protein substitutes
- Alternative proteins, e.g. veggie burger
- Consolidation of processing

6. Compliance

- Regulatory impacts
- Speed of regulatory response to consumer trends
- Responsive to new research on farm safety
- Impact of antimicrobial use (AMU) on bird health and flock management
- Frequency of audits

7. Strategic

- Researchers not on the same page as industry
- Full scope of sustainability, e.g. environment, soil, water, etc.
- Lack of research investment
- Data versus information
- Sustaining annual strategic plans
- Better extension of applied research
- Who is wagging the tail? Is it a trend or a cause?

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 local family farms?” By the number and variety of the responses it became evident that the participants felt that immediate actions addressing risk are critical.

- Abolition or loss of supply management (x4)
- Negative impact on food safety (x2)
- Financial instability
- Bankruptcy of farmers
- Consumers buy other products rather than chicken
- Don't have the ability to reach growth potential

- Contraction of market
- Erosion of public trust
- Loss of consumers' confidence
- Loss of social license
- Loss of public support
- Risk losing our ability to self-regulate
- Decreased demand for chicken
- Inability to operate due to the labour shortage
- Financial difficulty for all stakeholders
- Reduced consumption
- Reduced consumer demand
- Reduction of sales
- Loss of consumer support
- Reduced industry growth
- Decreased Canadian production
- Higher costs
- Lack of government trust
- Current stakeholders are out of business and looking for jobs
- Loss of political support means the end of supply management
- Our chicken products will be supplied by USA producers
- Destruction of farm values
- Industry is less competitive
- Less money made in the supply chain
- Others will decide our future
- Reduced growth
- Lose market share
- Market reduction
- Loss of social license
- Severe barriers to entry into the industry
- Foreign countries have to feed us
- Government chooses not to support supply management
- Threats of consolidation, e.g. mega-farms, mega-processors
- Impact on trade
- Foreign animal disease devastation
- Decreased profitability
- Loss of social programs, e.g. CFO Cares
- Food preparation challenges
- Lack of influence and growth
- Inaccurate opinions
- Lost opportunities and innovation
- Decision-making is out of our hands

- Bullied by special interest groups and government
- Government controls us
- Lack of capital investment
- Less competitive
- Lack of innovation
- Inability to meet markets
- Loss of future opportunities for next generation
- Loss of jobs and economic impact

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 local family farms. 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. Operational

- Implement research responsiveness
- Implement new ways to train and recruit staff for agricultural jobs
- Create two Chicken Farmers of Ontario Board positions for women
- Create a platform for farmers to provide more input to CFO
- Innovate all along the value chain
- Improve the “big picture” education for farmers and industry
- Develop approaches to deal with inclement weather, e.g. standard operating procedures, protocol for suppliers
- Address the labour shortage through training and mechanization, e.g. robots
- Share the results of these consultations with participants
- Expand insurance to cover other diseases
- Plan now
- Allow offshore workers to stay longer and provide easier access
- Implement production practices to improve bird health, e.g. vaccines

2. Political/Trade

- Enhance lobbying government (x2)
- Vote in upcoming election (x2)
- Don't vote for Maxime Bernier

- Encourage active involvement in politics
- Lobby government for regulated activist activity
- Encourage government policies and programs to address labour shortages
- Lobby government re: foreign worker policies to address labour
- Encourage government support to reduce barriers to entry of export market
- Change trespassing regulations
- Enhance government regulations
- Solicit government support for SMART regulation

3. Reputational

- Increase awareness and social importance of employment opportunities
- Educate consumers, e.g. welfare, health
- Effectively communicate consequences
- Promote all the good things that chicken industry does, e.g. animal welfare, jobs, etc.
- Communicate the attributes of supply management
- Create social awareness with consumers in the consumer language
- Engage in proactive consumer education
- Increase Chicken Farmers of Canada consumer education
- Demonstrate responsible stewardship
- Promote the benefits of chicken
- Initiate action to reduce antimicrobial use (AMU)
- Educate the public

4. Financial

- Settle the Cost of Production Formula (COPF) (x2)
- Exercise fact-based decision making to come to mutual agreement on COPF
- Encourage every part of the industry to avoid greed
- Develop relationships with financial institutions

5. Competition

- Remain competitive to ensure viability
- Encourage innovation and research to stay ahead of competitors
- Create innovative chicken products
- Ensure that our product is competitively defensible

6. Compliance

- Always remain in compliance with regulations
- Improve government relations and education to help ensure compliance

7. Strategic

- Sustain annual strategic plans
- Provide better extension and applied research
- Listen to input from consumers, processors and banks
- Be careful what you ask for, as you may receive it
- Promote the need for total industry collaboration
- Increase research funding
- Implement new research initiatives
- Support existing research initiatives
- Improve industry relations, collaboration and alignment
- Increase CFO support for smaller processors
- Align priorities
- Demonstrate transparency to help avoid greed
- Engage in mutually beneficial industry collaboration
- Encourage communication within the industry, education facilities, stakeholders, and consumers
- Increase information sharing for the entire supply chain
- Actively promote chicken
- Influence and educate consumers to meet their needs
- Diversity of supply is more important than overall efficiency so family farms remain critically important

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 local family farms.