

Chicken Farmers of Ontario

Guelph Regional Risk Workshop

July 23, 2019
Guelph, Ontario



BRYAN BOYLE & ASSOCIATES
FACILITATING YOUR FUTURE

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Executive Summary

On July 23, interested Chicken Farmers of Ontario (CFO) farmer-members and CFO staff 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 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: Operational
- 4th: Competition
- 5th: Reputational
- 6th: Strategic
- 7th: Compliance
- 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 market share, loss of supply management, lower profitability and decreased margins, as well as production implications with the loss of antibiotic use.

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
London Regional Risk Workshop
Delta Hotel and Conference Centre, Guelph
July 23, 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 seven 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 unfavorable 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.

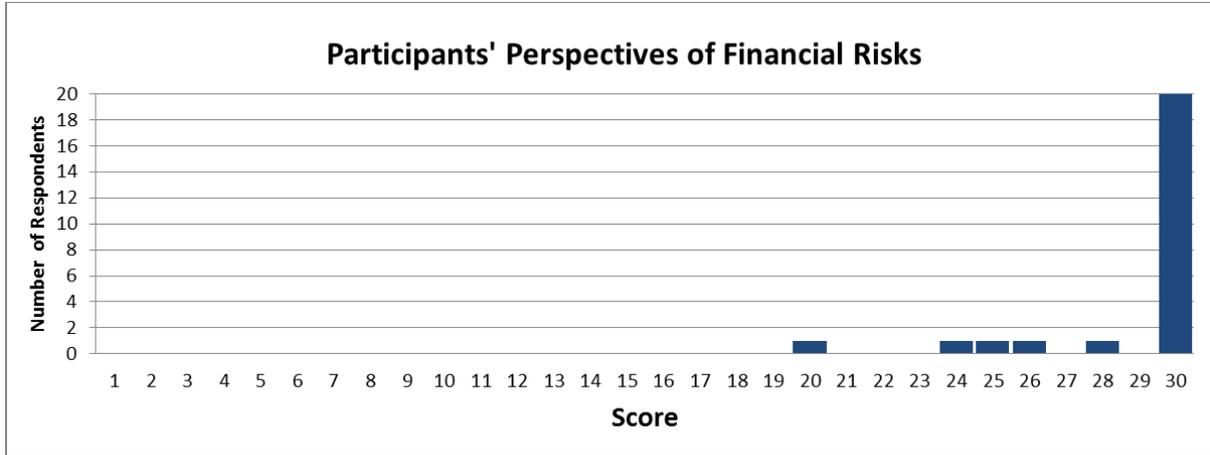
These specific risks were grouped under the various themes and then prioritized. For prioritizing, participants used the following approach and the results are shown in the table below.

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.

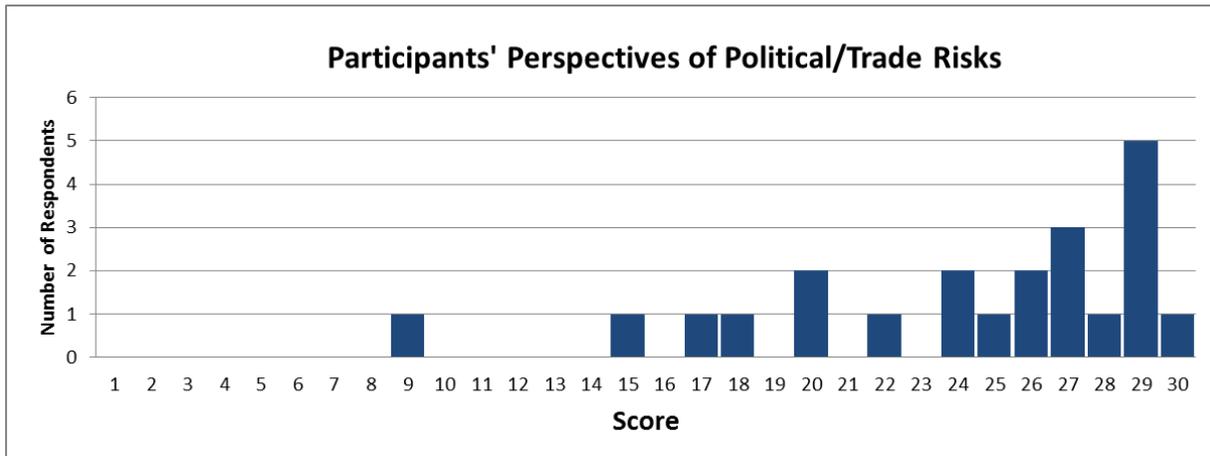
#30 = “Highest Priority for Action”: It is critically important that we move quickly and decisively to address this area of risk to ensure a strong and viable future for supply management, the Ontario chicken industry, and our local family farm.

#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.

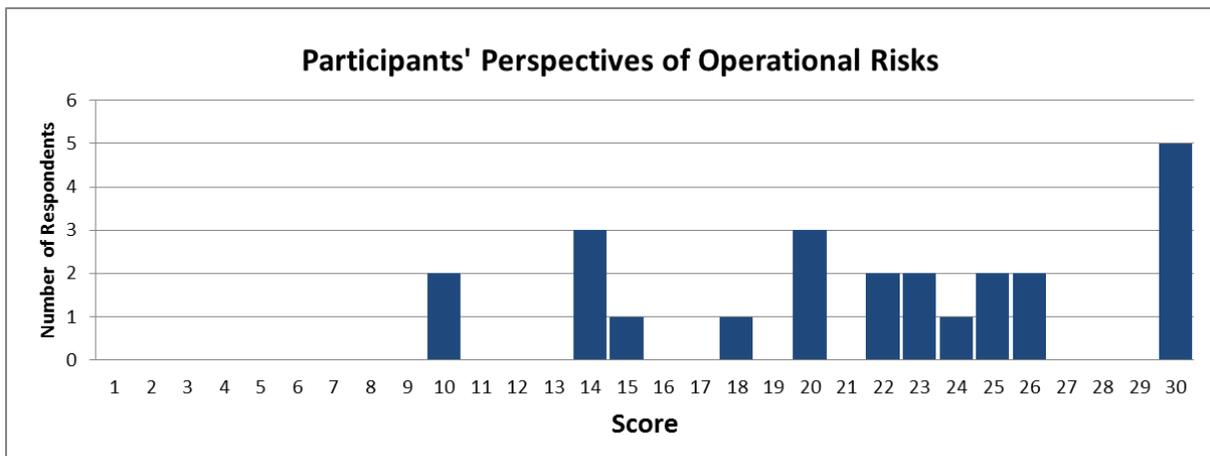
Priority Rank	Areas or Themes of Risk	Average Significance Score (Maximum = 30)
1 st	Financial	28.92
2 nd	Political/Trade	24.09
3 rd	Operational	21.71
4 th	Competition	21.26
5 th	Reputational	19.82
6 th	Strategic	19.17
7 th	Compliance	17.00
8 th	Other	6.00



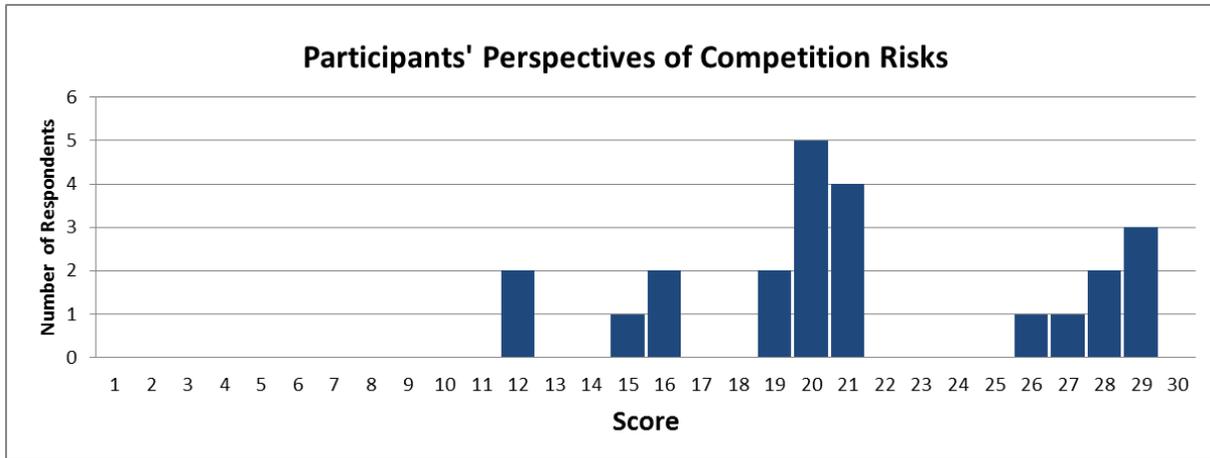
Average = 28.92



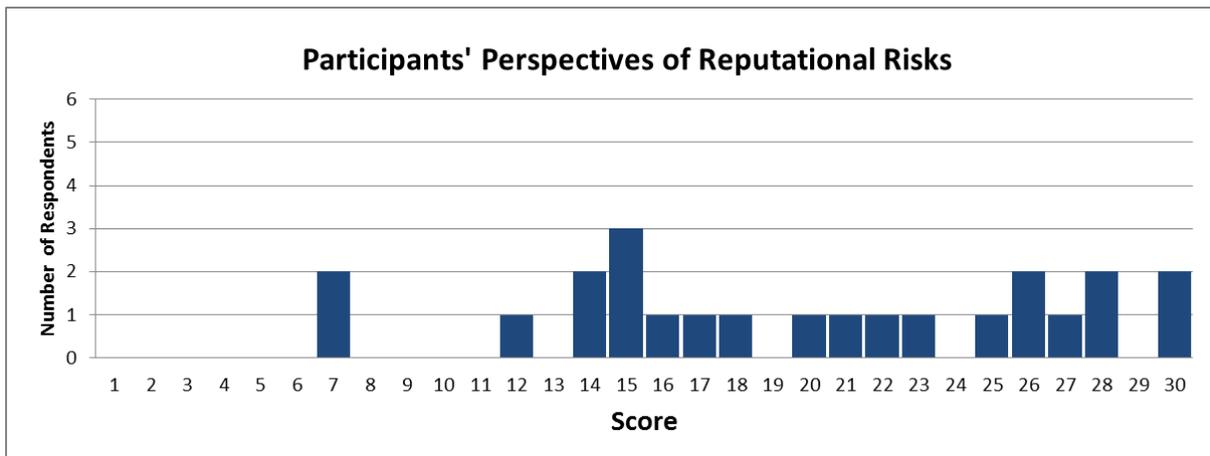
Average = 24.09



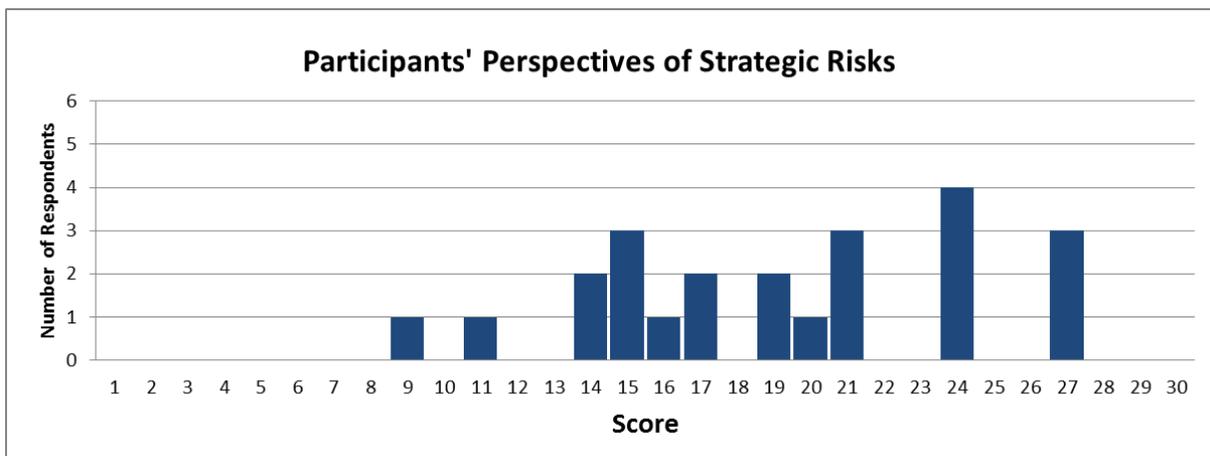
Average = 21.71



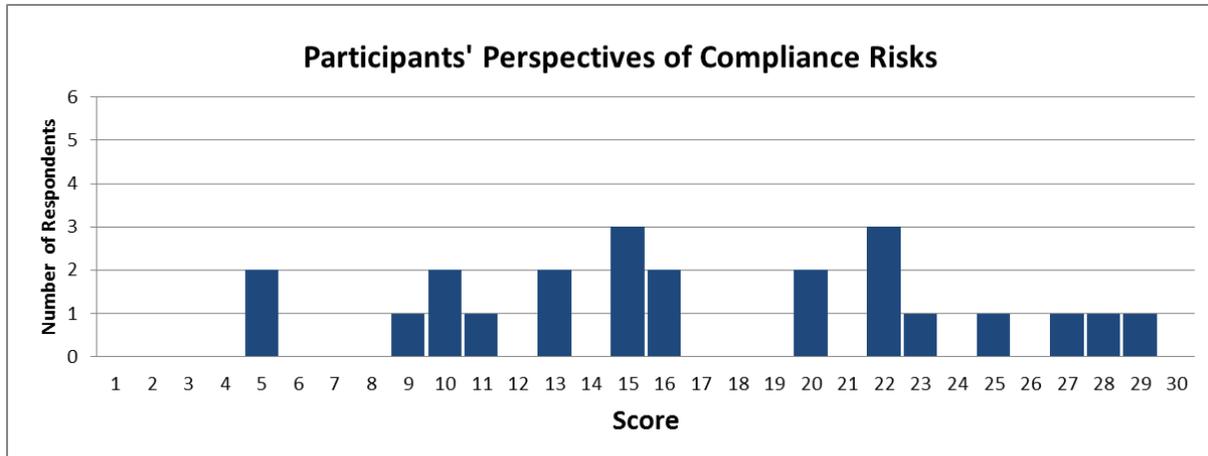
Average = 21.26



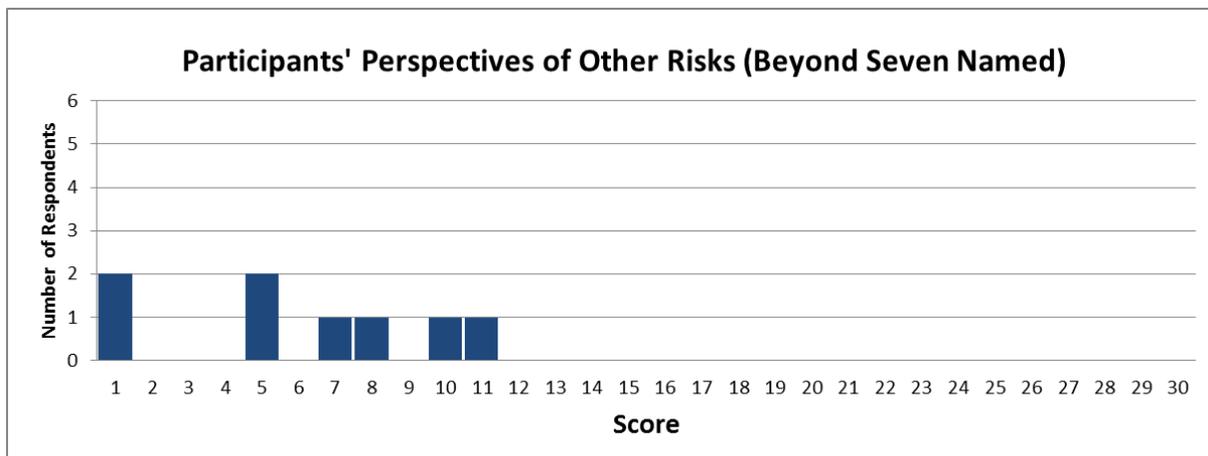
Average = 19.82



Average = 19.17



Average = 17.00



Average = 6.00

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) (x2)
 - Failure of COPF
 - Farmers are powerless in COPF negotiations
 - Need to increase input for COPF formula
 - Succession planning and financing of farms

2. Political/Trade
 - Political support in upcoming election
 - Change in the government

- Political candidates, as we need informed and understanding politicians in power
- Next trade deal
- North American Free Trade Agreement (NAFTA) and Trans-Pacific Partnership
- Increase access under trade agreements
- Potential impact of BREXIT
- Quality of products imported through trade

3. Operational

- Chick quality (x3)
- Antimicrobial use (x2)
- Loss of antimicrobials (x2)
- Disease management
- Slow research into products to replace current antimicrobials
- Feed costs
- Meeting high standards of production
- Quota transfer policy fees
- Poultry health insurance issues
- Animal welfare
- Transition planning
- Impact of weather extremes are not covered by insurance companies as a business loss
- Activists, including vegans and anti-livestock groups

4. Competition

- Plant-based proteins, e.g. Beyond Meat (x2)
- Antimicrobial use (AMU) reduction related to animal welfare
- Vegans

5. Reputational

- Social media
- Animal activism
- Lack of trust from consumers

6. Strategic

- Consumer attitudes and education
- Marketing to offset consumers' lack of knowledge and understanding
- Role of consumers driving the agenda

- Farmers Feed Cities does not work
- Market development planning

7. Compliance

- Litigation on-farm and across the industry
- On-farm testing for various purposes
- Uncertainty and time frame relating to COPF
- Values established for compliance

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 market share (x5)
- Loss of supply management (x2)
- Lower profitability and decreased margins (x2)
- Production implications with loss of antibiotic use (x2)
- Minimize availability and sources of disease treatments
- Increased mortality of birds
- If we are not well informed locally and globally, we will lose market share
- Loss of markets and increased imports
- Lost growth
- Lack of competitiveness
- Loss of quota
- Future development is compromised
- Cost of Production Formula resolution will remain unresolved
- Litigation and restrictive regulations may result from salmonella issues
- Trade agreements take away our production potential
- Negative impact of trade agreements
- Other countries will feed us
- Lack of research leading to poor animal health, financial loss, and animal welfare issues
- Consumer misconceptions
- Lack of planning
- Lack of Board support
- Farmers’ voices will not be heard
- If we do not educate our consumers, especially our youth, they will stop buying chicken and supply management will fail

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

- Support the Board in their continued work on Cost of Production Formula (COPF)
- Implement COPF effectively
- Encourage CFO Board to persist as farmers' proponent in COPF negotiations
- Continue to push forward for a goal of an improved COPF
- COPF: Get it done with new updated formula
- Include definition of "bird" and specialization in COPF

2. Political/Trade

- Lobby all politicians and government officials (x3)
- Collaborate with local, provincial, and federal politicians
- Lobby to show our value to the country
- Do not accept trade off of supply management for other industries or sectors
- Be proactive not reactive
- Work hard to insulate us from trade impact
- Establish the right to refuse the importation of inferior quality products that do not meet Canadian standards
- Consider all trade agreements
- Ensure we supply maximum domestic availability of chicken products

3. Operational

- Speed up approval process for products to replace antimicrobials (x2)
- Encourage more diseases to be covered under poultry health insurance
- Increase control of where chicks come from
- Encourage more effective transition planning, especially because of increasing age of farmer-members
- Collaborate with insurance companies to reduce the impact of weather extremes

- Pressure the Ontario Broiler Hatching Egg and Chick Commission (OBHECC) to increase production and improve quality
 - Encourage the development and sharing of alternatives to antibiotics
 - Integrate a strong and effective salmonella policy throughout the sector to reduce the amount of salmonella and manage the risk in the final product
4. Competition
- Support Hazard Analysis and Critical Control Points (HACCP)
 - Promote positive chicken farming practices
 - Implement more marketing from farmers
5. Reputational
- Utilize social media effectively (x2)
 - Educate the public on the excellent care we provide in animal welfare (x2)
 - Know our rights and respond legally to animal activism
 - Actively promote and support the CFO Cares campaign
 - Develop a more comprehensive chicken education program by working with other Boards, Farm and Food Care Ontario, Ministry of Education, and local Boards
 - Generate positive communication with all consumers
6. Strategic
- Value power and respect all stakeholders in the industry
 - Restrict size and cap quota cost
 - Share market development with all quota holders
 - Educate consumers
 - Engage in all forms of advertising chicken
 - Encourage grants to support transition planning on farms
 - Change trespassing legislation to limit activists' activities
 - Tell our story

7. Compliance

- Develop an integrated solution to salmonella issues
- Address litigation issues for farmer-members
- Develop a succession planning committee to make recommendations relating to CFO Board and District Committee Representative governance
- Since antibiotic use (AMU) restriction has put us at a competitive disadvantage, lobby for quicker approvals for replacement products that are being used in other countries
- Enforce standardization of chick quality

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.