



National Farm Products
Council

Conseil national des
produits agricoles



NATIONAL FARM PRODUCTS
COUNCIL

1 9 9 8 A N N U A L R E V I E W



Canada

MISSION:

To ensure that the national supply management of farm products works in the balanced interests of all stakeholders — from producers to consumers.

MANDATE:

To advise the Minister of Agriculture and Agri-Food on all matters relating to the agencies established under the Act, with a view to maintaining and promoting an efficient and competitive agriculture industry.

To review the operations of the marketing agencies to ensure that they meet their objectives as set out in the legislation.

To work with the agencies in promoting more effective marketing of farm products in interprovincial and export trade.

To work with promotion-research agencies in connection with primary production research and the promotion of regulated farm products.

L E T T E R T O T H E MINISTER

The Honourable Lyle Vanclief, P.C., M.P.
Minister of Agriculture and Agri-Food
Ottawa, Ontario

Dear Minister,

I am pleased to present the National Farm Products Council's Annual Review, which covers the period from my appointment as Chairperson in May 1997 until the end of the 1998 calendar year. This report highlights the Council's activities, strategic priorities and legislative responsibilities. It also includes an overview of the national marketing Agencies and key developments in their respective sectors.

In the past year-and-a-half, Council's relations and involvement with government and industry stakeholders reached new levels of cooperation. More open sharing of views and information, coupled with the development and strengthening of partnerships and collaborative initiatives, have yielded positive results. For example, Council worked with officials of the Northwest Territories to initiate the steps that will bring the NWT into the national egg marketing system; with supervisory boards in preparing the recommendation to renew the Federal-Provincial Agreements; with various industry partners to help them reach agreement on quota and policy issues; and with key stakeholders in organizing a national profitability workshop and the third Poultry Meat Outlook Conference.

Council will continue to serve the poultry and egg industry in its role as facilitator and advisor, and to initiate and support activities that help promote more effective marketing of poultry and egg products in interprovincial and export trade. We are committed to ensuring that the industry continues to be an economically viable component of Canada's agri-food sector, within the framework of an evolving and adaptable orderly marketing system.

Sincerely,



Cynthia Currie
Chairperson

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CHAIRPERSON'S MESSAGE

The New Face of Council

The past 18 months have been productive and challenging for the National Farm Products Council. The period since my appointment as Chairperson in May 1997 has been punctuated by change and renewal. We now have a full complement of nine Council members, all of whom are actively involved in the agri-food industry. We have a new vision and a strategic framework to guide our activities into the new millennium.

To fulfill its mission of ensuring the supply management system works in the balanced interests of all stakeholders, Council has adopted a proactive, results-oriented stance. In its role of communicator, facilitator, and agent of change, Council is committed to building stronger and closer links with all industry stakeholders, with government departments and our provincial partners, as together we help promote the growth of the poultry and egg sectors in the domestic and international markets.



Council Members, back row (from l.-r.):
David Coburn, Michel Veillette, John (Sandy)
McCurrach, Paul Ouellette, Ron O'Connor.
Front row (from l.-r.): Anne Chong Hill, Vice-
Chairperson Linda Boxall, Chairperson Cynthia
Currie, Executive Member Raymond Cloutier.

CHAIRPERSON'S MESSAGE

Our agenda has been highly charged, with the full Council meeting approximately every six weeks in Ottawa, as well as meetings of the Executive, and regular meetings with the Executive Committees of the Agencies. Council members and I have attended many provincial board annual meetings, and have met frequently with producers, processors and other industry players across the country.

One of the major tasks Council set for itself in 1998 was to convene a national workshop under the theme "*Growing the Industry Profitably*". Held last October in Toronto, the workshop was organized by stakeholders, for stakeholders, and was deemed a success by participants. In December, Council released a follow-up report highlighting areas of consensus and recommended courses of action.

The poultry and egg industry is a vital part of Canada's agricultural sector and shows great potential for growth. While the domestic market continues to be very important, industry needs a comprehensive export strategy in order to carve out a niche in international markets. In October 1998, Council became a member of Team Canada Inc., the Government of Canada's "virtual" trade promotion agency which provides a single point of access for international business development services. This demonstrates Council's commitment to assist industry to develop its export market potential. As well, Council is planning to convene an export strategy workshop in 1999. As with the workshop on profitability, this initiative will be industry-driven.

There have been several positive developments in the poultry industry in the past year: The chicken sector reached a milestone with the signing of a new National Allocation Agreement by all 10 provinces and the Chicken Farmers of Canada. The process involved in bringing the Northwest Territories into the national egg marketing system represented an important accomplishment for the Canadian Egg Marketing Agency. The Canadian Broiler Hatching Egg Marketing Agency released its long-awaited benchmarking study, which will help producers identify how they can improve their financial performance and their competitive position. And the joint effort of the Canadian Turkey Marketing Agency and the Canadian Poultry and Egg Processors' Council to launch a national turkey advertising campaign reflects

significant progress in the turkey sector. Successes such as these provide a solid framework for the continued evolution of a dynamic, healthy poultry industry.

The new Council has worked to strengthen and improve communications with government, the Agencies and industry partners. To this end, a variety of initiatives were undertaken, such as the development of a communications strategy, an information kit and bi-weekly newsletter, and a corporate web site. As well, in the course of the year, we hosted two receptions to introduce new Council members and to update government and industry stakeholders on our progress and our plans for the future. Media coverage on the revitalization of Council and its new directions helped to raise our profile and bolster awareness of our objectives.

To effectively support the work of Council, a number of internal administrative and operational changes were implemented. Council members gathered in Vaudreuil, Québec in May 1998 for a strategic planning workshop which formed the basis for developing a corporate work plan. The full Council met again in October in Mississauga for an intensive two-day strategic planning session to identify priorities for the coming year. Individual staff work plans were also developed to improve accountability and efficiency, and four key staff positions were filled between March and October.

Council also accomplished the following tasks throughout the year:

- As required under its mandate, carried out the ongoing administration of the *Agricultural Products Marketing Act*.
- Served as a member of the joint Steering Committee of the National Association of Agri-Food Supervisory Agencies charged with revising the Cost of Production guidelines, which Council officially adopted in October 1998.
- Concluded an agreement with the Government of the Northwest Territories to bring the NWT into the national egg marketing system; facilitated meetings between the NWT Government and the Canadian Egg Marketing Agency; briefed federal and provincial ministers on outstanding issues; and worked with NWT officials in the drafting of the NWT marketing plan and regulations.

CHAIRPERSON'S MESSAGE

- In cooperation with provincial supervisory boards, prepared the briefings for federal and provincial agriculture ministers in July 1998 to renew the four Federal-Provincial Agreements (FPAs) governing the poultry sector by the end of 1999.
- Heard a complaint by Saskatchewan signatories against the Chicken Farmers of Canada for declining that province's request to expand its chicken quota under the National Allocation Agreement, and submitted a report recommending that the parties resolve their differences within a prescribed time frame. An agreement was subsequently reached between the parties.
- Facilitated discussions leading to the resolution of a complaint by Ontario turkey producers and poultry processors against the Canadian Turkey Marketing Agency with respect to the Agency's revision of its Export Policy.
- Acted as convener of a national workshop on profitability, at which some 100 industry representatives gathered to discuss key issues of concern to the poultry and egg sectors. Council distributed a follow-up report to workshop participants.
- Played a lead role in organizing the third annual Poultry Meat Outlook Conference in November 1998.

The poultry and egg industry in Canada faces new challenges in a global, knowledge-based economy increasingly buffeted by economic fluctuations and uncertainty. As the next round of World Trade Organization talks draws near, industry must prepare itself for a challenging round of negotiations. Partnerships between government and industry are vital ingredients for success and, more than ever, are necessary to sustain a viable orderly marketing system for the future. The Council is committed to encouraging and facilitating the development and strengthening of such partnerships throughout the course of its mandate.

A black and white photograph of a chicken and a duck on a textured wall. The chicken is on the right, and the duck is on the left. In the foreground, a large egg is partially visible on the left side. The text "BUSINESS OF" is overlaid in the center.

B U S I N E S S O F

C O U N C I L

APPOINTMENTS

Members of the National Farm Products Council are appointed by Governor-in-Council to serve terms of between three and five years. The Chairperson is the only full-time member. All others are part-time, and all are involved in the agri-food industry. Between May and November 1997, six members of Council left as their terms of office expired. Within that period, Council held eight meetings, five of which were by teleconference. Three new members, including the Chairperson, were appointed in 1997. Two additional appointments in January and three in June 1998 brought Council up to its full complement of nine members, for the first time since the early 1980s.

In February and again in July of 1998, Council staff organized and presented orientation sessions for the new members to explain the *Farm Products Agencies Act*, and to brief them on the poultry industry and on their roles and responsibilities as Council members. In the course of the year, Council held 15 meetings, six by teleconference. In May, the Chairperson convened a special meeting to discuss the future direction of Council and prepare a strategic plan.

One of the first tasks of the new Chairperson was to develop a Council work plan for 1997/98. The work plan listed new and ongoing initiatives in the areas of domestic policy and programs, international trade, and administrative operations such as the updating and revision of Council by-laws, policies and guidelines. This document formed the basis of Council's report to Agriculture and Agri-Food Canada, for inclusion in the department's performance report to Parliament for the year.



Cynthia Currie



Linda Boxall



Anne Chong Hill



Raymond Cloutier



David Coburn



**John A. (Sandy)
McCurrach**



Ron O'Connor



Paul Ouellette



Michel Veillette

MEMBER PROFILES

Cynthia Currie, Chairperson

Tenure: March 1997- March 31, 2002

Cynthia Currie is a native of Georgetown, Guyana. Prior to her appointment as Council Chairperson, she was General Manager of the Canadian Chicken Marketing Agency (now known as the Chicken Farmers of Canada). She also served as a member of the Canadian Agrifood Marketing Council and the Agriculture, Food and Beverage Sectorial Advisory Group on International Trade.

Linda Boxall, Vice-Chairperson

Tenure: As member, July 1994; as Vice-Chairperson, May 1997- July 1999

Linda Boxall was born and raised in Regina, Saskatchewan, and she owns and operates a grain farm in that province. She is also President of Sunshine International, L.B. Café Inc., and VIP Special Event Catering.

Anne Chong Hill, Member

Tenure: June 1998- June 2001

Anne Chong Hill was born in Brunei. An award-winning entrepreneur, she is co-founder and partner of Global Gourmet Foods Inc. She has organized several major food promotions in China and recently launched a new fast-food kiosk business in Beijing.

Raymond Cloutier, Member

Tenure: June 1998 - June 2001

Raymond Cloutier is from Ste. Foy, Québec, and served for many years as Director of Trade Policy for the Québec Ministry of Agriculture, Fisheries and Food. In 1997, he was decorated as Commandeur de l'Ordre du mérite agricole, with mention of Très grand mérite spécial.

David Coburn, Member

Tenure: January 1998 - January 2001

David Coburn is a native and resident of Keswick, New Brunswick. He is manager of W.B. Coburn & Sons, a sixth-generation family farm. A past-president of the New Brunswick Federation of Agriculture, he received the 1995 Outstanding Young Farmers of Atlantic Canada award.

John A. (Sandy) McCurrach, Member

Tenure: June 1998- June 2001

Sandy McCurrach, from New Westminster, B.C., is owner and President of Purity Feed Co. Ltd., and owner and manager of Jamieson Creek Ranch, in Kamloops, B.C. He is a former turkey producer and past executive member of several agri-food organizations.

Ron O'Connor, Member

Tenure: January 1998 - January 2001

Ron O'Connor is from Dublin, Ontario. He owns and operates Irm-Ron Farms Ltd. He has been involved with the Chicken Farmers of Ontario (CFO) since 1988, and served as CFO Chairman in 1996-97.

Paul Ouellette, Member

Paul Ouellette, a native of Marieville, Québec, is founder and partner of several poultry distribution businesses. He is past-president of the Canadian Poultry and Egg Processors' Council and a past-president and long-serving former member of the Association des abattoirs avicoles du Québec.

Michel Veillette, Member

Tenure: January 1997 - January 2003

Michel Veillette, a native of St. Maurice, Québec, served as a Member of Parliament from May 1979 to September 1984, and was also Parliamentary Secretary to the Minister of Consumer and Corporate Affairs. He is a past-president of Froma-Dar Inc., a manufacturer and distributor of specialty cheeses, and is a former vice-president of a dairy company.

RENEWAL OF FEDERAL/PROVINCIAL AGREEMENTS

Federal-provincial Agreements (FPAs) are required to operate an effective orderly marketing system, dovetailing federal and provincial jurisdiction to allow the national Agencies to regulate the marketing of product in intra-provincial, inter-provincial and export trade. With the exception of the FPA for broiler hatching eggs which was signed in 1986, the FPAs for the egg, chicken and turkey sectors were established in the 1970s.

Over the last decade, the Agencies began moving toward a more market-driven approach in order to be more responsive to changing market conditions. The existing FPAs did not reflect the evolution in Agency practices. Amending the Agreements was a difficult process requiring unanimity among all signatories (ministers, supervisory councils and producer boards).

The National Association of Agri-Food Supervisory Agencies (NAASA), of which Council is a member, recognized the need to amend the FPAs to strengthen the legal framework of the system, and to allow the Agencies to be more responsive to changing market conditions. The NAASA briefed federal and provincial officials in April and May 1998, and presented its proposal to the ministers of agriculture at their July 16 meeting. The ministers agreed that the FPAs should be revised to make them more flexible. They further agreed:

- That the FPAs were required to effectively operate the supply management systems of the four national Agencies.
- That the existing agreements should be changed to allow the national Agencies more flexibility to adjust to changing market conditions.

- To support the work plan of the supervisory bodies for developing new Agreement structures, with the understanding that not all the poultry and egg Agencies were ready to begin the revision process immediately.
- To consult Agency stakeholders during the process, and to examine the impacts of the proposals before giving their final approval.
- That the ministers be provided with progress reports on this initiative, which was to be completed by December 31, 1999, on the basis of the recommended work plan.

NAASA's proposed new approach involved decoupling the existing Agreements, so that the statutory responsibilities of ministers would be separate from the operational elements of implementing and administering the federal marketing plan. With a less cumbersome amendment process, Agencies could implement the marketing plan more effectively.

Under this proposal, NAASA and Agency-led working groups were to develop the new agreements. As the steering group, the NAASA would develop FPAs, oversee the tasks of the

working groups, and deliver progress reports to the federal minister. The Agencies would develop Operating Agreements for their respective sectors, with the participation of industry stakeholders.

On November 16, NAASA members met individually with each Agency, the Canadian Poultry and Egg Processors' Council and the Further Poultry Processors' Association of Canada to discuss FPA renewal. Although none of the Agency working groups had met at that point, NAASA was satisfied with their start-up time frames.



Broiler barn, Couvoir Réal Côté, Ange-Gardien, Cté Rouville, near Granby, Québec.



INCLUSION

OF THE NWT INTO THE NATIONAL EGG MARKETING SYSTEM

For the last 14 years, the major obstacle to the entry of the Northwest Territories (NWT) into the national egg marketing system was the lack of agreement between the Canadian Egg Marketing Agency (CEMA) and the NWT on an entry-level quota allocation. This resulted in ongoing legal actions between individual NWT producers and the CEMA.

In 1995, the NWT Supreme Court upheld a lower court decision giving the NWT unrestricted access into the regulated area. In 1998, CEMA launched an appeal to the Supreme Court of Canada, which reversed the lower court decision to grant a constitutional exemption to NWT egg producers. The CEMA was then in a legal position to regulate the flow of eggs produced in the NWT and marketed into the regulated area.

In May 1997, Council reached an agreement with the NWT Government to enable the NWT to become a member of the CEMA, with an entry level quota allocation of 2,725,500 dozen eggs, or 115,000 layers. CEMA endorsed the agreement in principle. A Memorandum of Understanding (MOU) setting out the terms of agreement for bringing the NWT into the national system was signed in October by the federal and NWT ministers of agriculture, and sent to all provincial signatories. By August 1998, outstanding technical and operational issues had been resolved, draft amendments to the Proclamation had been made, and the legal process to bring the NWT into the system was under way.

Completion of the NWT marketing plan and marketing regulations, including the establishment of a producer commodity board, is a precondition to amending the CEMA's Proclamation to include the NWT. This process was completed in late October 1998. At the time of this writing, it appears the NWT will become a full member of the Agency in early 1999.



Photo: David Barr (www.photobar.com)

COST OF PRODUCTION GUIDELINES

Council first issued Cost of Production (COP) guidelines in 1981, to assist Agencies in developing and carrying out COP surveys and in updating cost of production formulae (COPF).

The initial guidelines served as broad principles for capturing actual costs incurred by full-time producers. They also established minimum and consistent standards for conducting national surveys, as well as greater uniformity in cost factors and costing procedures.

The guidelines were amended over the years to reflect changes in business practices in the production and financing of regulated products, and to address the introduction of different costing methods (e.g. use of model farms). In 1995, Council issued revised guidelines designed to drive the industry toward an efficiency target by eliminating a percentage of sample members with the highest COP from the COP calculations. This was done to establish a cost and returns measure representing a reasonably attainable efficiency target for poultry and egg producers.

However, the Agencies did not agree with the guidelines based on their belief that COP studies should measure actual average costs of production, and should not exclude a portion of the higher-cost producers.

In August 1997, Council proposed to the NAASA that a joint steering committee be established to update the guidelines. The proposal was accepted, in recognition that commodity pricing falls under provincial jurisdiction. There was also a recognition that sound, defensible COPF would be needed as Canada moved through the next round of WTO negotiations.

The COP Steering Committee was made up of representatives from the Council, with regional representation from the provincial supervisory boards (West, Ontario, Quebec and Atlantic). The first meeting in September 1997 resulted in clarification of the roles played by the COPE, the need for COP guidelines, and a first cut of the draft revised guidelines.

Copies of the first draft were circulated for comment to all Agencies and provincial commodity and supervisory boards, to the Canadian Poultry and Egg Processors' Council (CPEPC), and the Further Poultry Processors' Association of Canada (FPPAC). The Steering Committee met with the CPEPC and the four Agencies in December to receive their initial input (FPPAC declined to participate). The Agencies identified three areas of concern:

- The use of an efficiency factor to determine that segment of the sample which would determine component costs;

- The suggested proxy for use in determining remuneration for management labour, and
- The rate of return proposed for use in quantifying the return on investment component.

The second draft of the guidelines took into account, where possible, the input of the Agencies and the CPEPC. The revised document was circulated for comments and the parties met again in April 1998 to receive feedback and to begin preparing the final draft document. A final draft version was completed and sent to all provincial supervisory boards in early May.

Consideration for approval by NAASA members was delayed over the summer, pending consultation with provincial commodity boards and comments on the final draft from the Agencies. In a teleconference call on September 14, 1998, a majority of NAASA members declined to approve the final draft

COP guidelines as a result of differences on how they should be applied. The preferred approach was for the guidelines to be applied on a province-by-province basis.

On October 29, 1998, Council adopted the COP guidelines as drafted by the Steering Committee. Council communicated this decision to the Agencies, noting that it expected the guidelines to be adhered to when Agencies undertake COP studies.

Although Council is under no legislative obligation to issue COP guidelines, their development is consistent with Council's mandate to further the promotion of a strong, efficient and competitive industry. When approval of a COPE is sought, Council has a responsibility to ensure that its expectations are clearly articulated, and believes that this is best accomplished by issuing guidelines which prescribe the terms and conditions under which a COPE would be assessed.

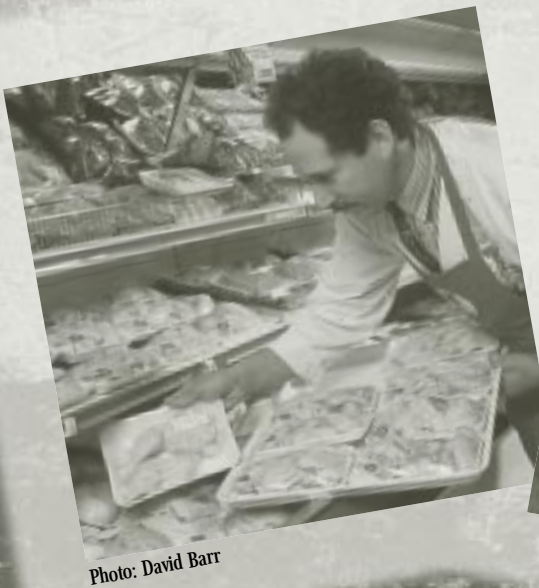


Photo: David Barr



REPORT

ON THE NATIONAL MARKETING AGENCIES

CHICKEN FARMERS OF CANADA

Agency Profile

Created in 1978, Chicken Farmers of Canada (CFC) is a national organization whose mandate is to ensure that its 2,800 members produce enough chicken to meet the needs of the marketplace. CFC's 14-member Board of Directors includes representatives from all 10 provincial commodity boards (although B.C. sits on the board, it is not currently a member), two chicken processors from the Canadian Poultry and Egg Processors' Council, and one representative each from the Further Poultry Processors' Association of Canada and the Canadian Restaurant and Foodservices Association.

National Allocation Agreement

In 1997, in an effort to increase the chicken industry's market responsiveness, CFC undertook to develop a new National Allocation Agreement (NAA). Following extensive consultations, the new agreement for chicken was signed in Ottawa on March 25, 1998, replacing the previous National Allocation and Pricing Agreement (NAPA). Signatories to the agreement included the 10 provincial chicken

boards and the Chairman of the CFC. The four non-producer members are not signatories to the agreement.

In her brief address at the signing ceremony, Council Chairperson Cynthia Currie congratulated the signatories for their efforts in reaching this milestone, and assured them that Council will work collaboratively with industry to ensure its continued success.

The NAA came into effect on June 7, 1998, and will expire on December 31, 2003. Like its predecessor, the NAPA, the NAA is based on a "bottom up" supply management system, and contains safeguards and disciplines to ensure that the system functions responsibly.

Saskatchewan Files Complaint

In July 1998, Council received a complaint from the Saskatchewan signatories, challenging the decision by the CFC to decline the province's request for expansion under the Agency's exceptional circumstance clause of the NAA. Saskatchewan maintained that for its industry to survive, it needed an expansion of 2.7 million kilograms per cycle over a three-year period. The province proposed that the implementation occur in two phases to ensure an orderly expansion. The phase one expansion of 1.3 million kilograms would occur over four

periods beginning January 17, 1999. Phase two would start near the end of March 2000.

A Complaints Committee established by Council conducted an inquiry on September 15. The Committee received submissions and heard arguments by the Saskatchewan signatories, CFC, the Manitoba Chicken Producers' Board, and l'Association des abattoirs avicoles du Québec Inc. The Committee's report and recommendations to Council noted that misunderstandings and confusion in the interpretations of the NAA, and events surrounding Saskatchewan's request, lead to what could have been an avoidable appeal. The Committee encouraged the parties to set appropriate definitions and criteria for all terms in the NAA. It also recommended that:

- The parties meet, in a timely fashion, to try to reach an amicable agreement, and
- The parties seek to reach agreement prior to setting provincial quota allocations for Period A-24.

On October 30, a special directors' meeting of CFC members approved an expansion plan, permitting Saskatchewan to increase its growth between 15 and 25 per cent per year, over a four-year period.

CANADIAN TURKEY
MARKETING AGENCY

Agency Profile

The Canadian Turkey Marketing Agency (CTMA) is a national marketing agency whose Board of Directors includes representatives from eight member provincial commodity boards (Newfoundland and Prince Edward Island, where there is little turkey production, are not members), two representatives from the Canadian Poultry and Egg Processors' Council, and one from the Further Poultry Processors' Association of Canada.

Complaint Against Turkey Export Policy

In November 1997, Council received a complaint concerning the CTMA's decisions to revise the regrow coefficients in its Export Policy. The complaint was launched by Cold Springs Farm Ltd., the Ontario Turkey Producers' Marketing Board, the Ontario Poultry Processors' Association and M.D. Poultry Meats Inc.

The complainants charged that the revisions would cripple Ontario turkey meat exports and be detrimental to Ontario's processors. Cold Springs Farm asked that the decision be set aside or, alternatively, that a longer implementation period be applied.

The CTMA's export policy was developed in the 1980s to promote the development of export markets, and to strengthen the domestic market by removing less desirable dark meat surplus and increasing the supply of white meat. To ensure that the domestic market is not shorted, the export policy provides for "regrow credits" which permit additional product to be grown. These credits are based on coefficients applied against a specific product exported.

The Agency decided to re-examine its export policy because of concerns that the regrow credits were too generous, resulting in an

Photo: Copyright, Bernard Thibodeau. Top Photography



National Allocation Agreement
Signing Ceremony, March 25, 1998,
Ottawa, Ontario.



oversupply of turkey on the Canadian market. Although there was general industry support for change, there were nevertheless strong objections by some companies.

At the request of Cold Springs Farm Ltd., Council facilitated a meeting between the CTMA and the company in September 1997. Following the meeting, the Agency instructed its Export Committee to review the policy and to make a recommendation to CTMA directors.

In November 1997, the Agency reviewed and implemented the Export Committee's recommendations to modify the previous implementation process, and to undertake an independent analysis to study the policy's effect on exports and regrow for the domestic market. The complainants were satisfied with the CTMA's decision, and subsequently withdrew their notices.

Turkey Marketing Campaign

In a concerted effort to increase consumption of turkey, the Canadian turkey industry initiated two programs in the past year. The first involved a joint effort by the CTMA and the Canadian Poultry and Egg Processors' Council (CPEPC) to develop and fund an aggressive generic marketing program, whose goal is to increase per capita consumption of turkey by 50 per cent over the next five years (from 4.2 kg to 6.3 kg).

The marketing campaign will be launched in the Spring of 1999, beginning with television commercials, followed by full-colour ads in magazines and radio commercials. In order for this program to be launched, Council prior-approved a new CTMA levy order, permitting the Agency to impose a levy of one-half cent per kilogram live weight on turkey processors.

The second program resulted from a decision by McDonald's Restaurants to test-market

a new turkey product from November 25 to December 25, 1997. The product manufacturer, Cuddy Food Products of London, Ontario, announced that McDonald's product promotion would initially be concentrated in its western region outlets. Although sales for various reasons did not reach expectations, Cuddy and McDonald's will continue to work together on this program.

CANADIAN EGG MARKETING AGENCY

Agency Profile

The Canadian Egg Marketing Agency (CEMA) was created in 1972 to manage the supply of eggs in Canada. CEMA's Board of Directors includes representatives from the 10 member provincial commodity boards, three representatives from the Canadian Poultry and Egg Processors' Council, and one from the Consumers' Association of Canada. The CEMA elects a chairperson each year from its membership.

Increase in Regulated Flocks

In December 1997, Council prior-approved an amendment to the CEMA's quota regulations to extend the current level of production for another year. This affected the number of regulated layers issued to the provinces, but not the total number of dozens in the quota.

Under existing quota regulations, producers with flocks below the provincial minimum flock size (100 layers in most provinces) are not required to be registered or to hold quota. However, the CEMA must take their production into consideration when establishing its quota.

In 1997, Statistics Canada reported a decline in the estimated number of dozens produced by unregistered flocks in almost all

provinces, based on the most recent Census data. As the current quota order overestimated the actual number of dozens being produced, CEMA decided to allocate more regulated layers to the provinces, based on the decrease in their unregistered production. This adjustment increased the national regulated flock by 323,000 laying hens, producing an estimated 383,000 additional boxes of eggs for the domestic egg processing sector.

The existing Memorandum Of Understanding (MOU) on the administration of levies did not address who was responsible for covering the costs of removing these additional eggs as industrial product. CEMA determined that provinces accepting increased registered layers would absorb the costs, and amended its levies order accordingly. In December 1997, Council prior-approved the proposed amendments.

"Grow For" Processing

Increased demand for processed eggs on the domestic and export markets made clear the need for the CEMA to develop a comprehensive export policy. Council facilitated a meeting of the Manitoba, Ontario and Quebec egg boards and the supervisory boards in May 1998 to address any misunderstandings about proposed programs to meet the increasing demand for processed eggs. Subsequently, a decision was made to create a fast-track process to resolve the issue.

This fast-track process led to an agreement between the provinces to allocate an additional 430,000 hens in 1999 to meet current domestic demand. CEMA developed an export policy to allow for placement of an additional 919,000 hens to meet current and future export market needs. In October 1998, Council prior-approved amendments to CEMA's quota regulations and levies order to

reflect the Agency's export policy and to make the first issuance under this new "grow for" program. The allocation was equivalent to the production of 100,000 layers for the last two months of the year.

CANADIAN BROILER HATCHING EGG MARKETING AGENCY

Agency Profile

Created in 1986, the Canadian Broiler Hatching Egg Marketing Agency (CBHEMA) manages the supply of broiler hatching eggs in Canada. The seven-member board of directors includes representatives from the five provincial commodity boards (Quebec, Ontario, Manitoba, Alberta and British Columbia), and two representatives appointed by the Governor-in-Council. The CBHEMA chair is elected each year from its membership.

Quota Increase

In November 1997 the Council prior-approved the Agency's proposed amendment to the quota regulations establishing the final 1997 allocation to the regulated provinces at 518,807,075 hatching eggs. This was based on an estimated chicken production level of 742.5 mkg, representing an increase of 2.7% over the preliminary allocation of March 1996, and an overall growth of 4.0% in chicken production over 1996.

In October 1998, the Council prior-approved the Agency's proposed amendment to its quota regulations to finalize the quota allocation for the year. This was based on a chicken demand of 792 mkg as recommended by the Agency's Advisory Committee, representing a growth of six per cent over the previous year.

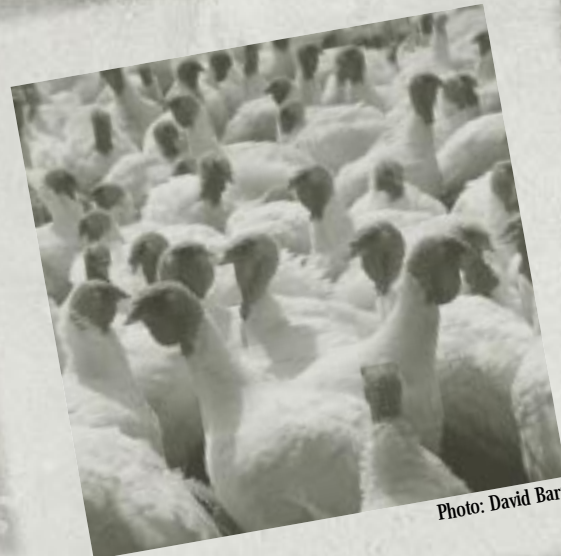


Photo: David Barr



In May 1998, Council prior-approved the Agency's proposed amendment to its quota regulations for 1999 at 549,235,813 hatching eggs. This represents a 3.1 per cent increase over the 1998 preliminary allocation for the regulated provinces, and reflects the increasing demand for chicken.

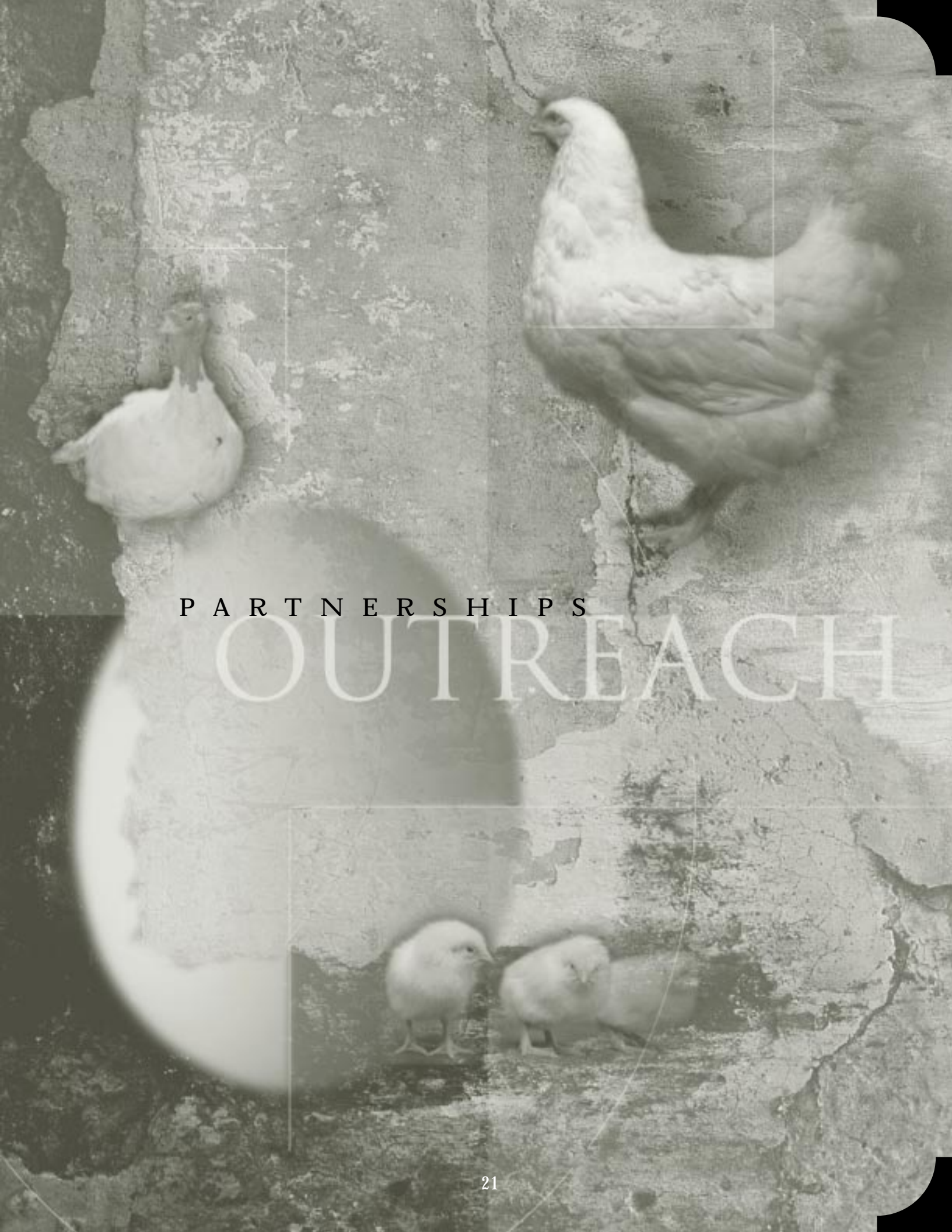
Quota Exchange Complaint

In November 1997, the Ontario Broiler Hatching Egg and Chick Commission filed a complaint with the Council against a CBHEMA

decision with respect to its short-term quota exchange policy. This policy allows provinces to lease any unused portion of their full hatching egg quota to a province which has exceeded its own quota, thereby avoiding a 17.5 cents per hatching egg penalty. Quota lease agreements between provinces require the unanimous support of CBHEMA's Board of Directors.

The complaint was launched against Manitoba for refusing to support a proposal made to the Agency's Board of Directors for a

lease agreement between Ontario and Quebec. Manitoba's refusal in effect negated the agreement. Council delayed considering the issue until the end of February 1998, to allow the parties time to try to resolve it on their own. The differences were settled and the complaint was withdrawn. Council was encouraged that the industry players succeeded in working out the issue.



PARTNERSHIPS

OUTREACH

In 1997-98, Council took concrete actions to develop a collaborative relationship with the four national Agencies it oversees, as well as with all industry stakeholders in the supply management chain. In her speeches to the annual meetings of the Agencies, the Chairperson emphasized Council's desire to collaborate with industry and to facilitate the development of trade and export policies. Following are highlights of the projects and activities Council has undertaken in support of these objectives.

"GROWING THE INDUSTRY PROFITABLY" WORKSHOP

This industry-driven workshop, held in Toronto October 27-28, 1998 was convened by Council to explore ways to enhance industry profitability and competitiveness in the domestic and export markets. Some 100 poultry and egg industry representatives attended.

The workshop topics and format were shaped by a design team made up of industry producers and processors. Participants focused on three key topics: clarifying the supply management policy environment; driving out unnecessary costs; and expanding domestic and export markets.

In a mix of plenary and concurrent sessions, they identified the need for a clear and consistent government policy environment at both the federal and provincial levels, and for effective dispute resolution mechanisms. There was support for a more coordinated and strategic approach to export market development. Participants also supported Council's role as a facilitator to help the

poultry and egg industry move forward as it sets a course for the future.

Council prepared a follow-up report which was circulated to all stakeholders, including the Honourable Lyle Vanclief, Minister of Agriculture and Agri-Food. The report outlines Council's commitment to action in several areas, and identifies priority action areas for industry.

STRATEGIC PLANNING WORKSHOP

Council gathered for two days in Mississauga, Ontario, October 28-29, 1998, to review strategic directions and priorities for the next year, as a follow-up to an earlier strategic planning session held in May in Vaudreuil, Québec. Coming immediately after the "Growing the Industry Profitably" Workshop, the October strategic planning session provided an ideal opportunity to review the messages heard from the poultry and egg industry stakeholders, and to consider the implications for Council business. Guest speakers Mike Gifford, Canada's chief agricul-

tural trade negotiator, and Bill Merkin, former U.S. trade negotiator, presented their views on the global trade agenda and the implications for Canadian agriculture.

Members concluded that Council's leadership, facilitation, review and advisory roles are more important than ever to the success of the Canadian poultry and egg industries, given the rapid changes facing all sectors of Canadian agriculture. Six key areas for priority action were identified and have been incorporated into Council's work plan. They include:

- ensuring overall policy direction and stability
- exploring improved methods of dispute resolution
- developing coordinated and strategic approaches to export promotion
- undertaking benchmarking studies to promote greater cost efficiency
- facilitating trade policy discussions in preparation for the next round of WTO negotiations on agriculture, and
- encouraging the development of pricing mechanisms to promote product quality.



A

A: Council hosted a dinner and reception August 26, 1998, to introduce the full Council to government, Agency and industry stakeholders. (From l. to r.): Felix Destrijker, Chairman, Canadian Egg Marketing Agency; Guy Jacob, Chairman, Canadian Dairy Commission; Council Chairperson Cynthia Currie; and Michelle Comeau, Associate Deputy Minister, Agriculture and Agri-Food Canada.



B

B: Wayne Buffett of the New Brunswick Farm Products Marketing Commission and Council member Anne Chong Hill.



C

C: Denise Boudria, Assistant Deputy Minister, Agriculture and Agri-Food Canada, addresses participants at the Poultry Meat Outlook Conference. Seated are Dan Normandeau of Intersol and John Stolp, Chairman, Canadian Turkey Marketing Agency.



D

D: Lem Janes, President of Janes Family Foods, makes a comment at the Poultry Meat Outlook Conference.

POULTRY MEAT OUTLOOK CONFERENCE

Council took a lead role in planning and organizing the third Poultry Meat Outlook Conference (PMOC), held November 17-18, 1998. The theme for this year's conference was "Shaping the Odds". The event drew some 150 representatives from every sector of the poultry meat industry in Canada, from farm gate to retail. The Steering Committee was pleased this year to see the participation of the egg industry and the hatchery sector.

Topics at this year's PMOC included the federal government's agri-food investment strategy, communicating the nature and consequences of environmental and public health risks, and current global and domestic economic trends.

TRADE POLICY AND EXPORT MARKET DEVELOPMENT

One of Council's strategic aims is to be a credible source of information and advice on trade issues for the industry and for the Minister of Agriculture and Agri-Food. We continue to monitor trade-related developments and disseminate information to key stakeholders, as appropriate. A key objective is to encourage the development of an Export Marketing Strategy for the poultry industry.

In December 1998, Council met with industry stakeholders to discuss their trade policy objectives and to seek advice on the possibility of facilitating industry discussions to develop a cohesive trade position for the next round of WTO negotiations. In coming months, Council will provide information and advice to Agriculture and Agri-Food Canada as a negotiating position is developed.

With industry's expressed interest in expanding export markets, Council is planning an Export Strategy Workshop in 1999, in a format similar to that of the Profitability Workshop. In preparation for that, Council is urging industry to develop a strategy, including the possible creation of a "Canada Poultry International" to undertake generic export promotion.

TEAM CANADA INC.

Council became a member of Team Canada Inc., a federal trade promotion agency, in October 1998. Team Canada Inc., founded in 1997 through the joint efforts of the Department of Foreign Affairs and International Trade, Agriculture and Agri-Food Canada and Industry Canada, provides a single point of access for international business development services available from the federal government. Council is linked to Team Canada Inc.'s ExportSource web site (www.exportsource.gc.ca), which provides a wealth of trade-related information and links.

Council's membership in this organization should help to bring the poultry and egg industries into Team Canada Inc.'s corporate culture, and help them to develop their export market potential. Council events, such as the Export Workshop planned for 1999, will be promoted through the Team Canada Inc. network.

TRADE VISITS

The government-led Team Canada trade missions are good examples of successful joint initiatives between government and industry working to expand Canada's trade on

export markets. Chairperson Cynthia Currie participated in an agri-food mission to Latin America, August 31-September 12, 1998. She traveled to China for the 20th anniversary Annual General Meeting and Policy Conference of the Canada-China Business Council in Beijing, November 18-20. While there, the Chairperson also attended the launch of a fast-food business, owned by Council member and agri-food entrepreneur Anne Chong Hill. Prime Minister Chrétien, who participated in the launch, held out Mrs. Chong Hill's venture as a role model to Canadian industry.

INTERNATIONAL EGG COMMISSION (IEC) MEETING

Vice-Chairperson Linda Boxall attended the September 1998 annual production and marketing conference of the IEC in Cape Town, South Africa. The Commission is made up of 32 member countries with delegates representing producers, processors, graders, breakers, governments, and equipment and service providers.

Canada and India were the only two member countries to report positive situations. The U.S. called for the need to better balance supply and demand. The European Union is faced with over-production, excess imports, low prices and competition between eggs produced in commercial cage operations versus those produced under free range conditions.

In Europe, animal welfare has become a powerful political movement. This issue will require greater vigilance in Canada to ensure maintenance of a balanced perspective between animal welfare on one hand, and commercial farming on the other.



COMMUNICATIONS

COMMUNICATIONS

COMMUNICATIONS STRATEGY

One of Council's priorities has been to increase its visibility and presence, and to improve communications with its members, with government, and with industry. In media interviews and in speeches to the Agencies and industry stakeholders, the Chairperson has focused on the Council's proactive agenda, its role as facilitator and as convener, as well as on the importance of building partnerships to help develop a more profitable industry.

In line with Council's new directions and priorities, a corporate communications strategy was developed in late 1997, as a framework for planning and implementing communications projects and activities. A Communications Manager was appointed to coordinate and implement a broad range of activities.

INITIATIVES

Since then, the following initiatives have been undertaken:

- A corporate identity package was created to help position Council as a progressive, dynamic organization and to raise its corporate profile. The package includes a kit folder, a corporate brochure and a fact sheet series. All elements are tied by a common graphic design and colors.
- **FOCUS**, a bi-weekly newsletter, was launched in June to keep members and stakeholders informed about Council business in-between meetings, and to highlight relevant political and industry developments. The newsletter is sent to the Council members, Agencies, provincial supervisory boards, and to industry and agri-food organizations.

- In October 1998, Council, along with other government agencies under the umbrella of Agriculture and Agri-Food Canada, participated in a Heritage Celebration exhibit on the grounds of the Central Experimental Farm. Members of Parliament and Senators visited the displays during their tour of the facilities. This served as an excellent venue for distributing Council's new information materials.
- At Council's open house on November 16, some 30 invited guests visited our new office quarters at 344 Slater Street and mingled with Council members. Guests included members of Minister Vanclief's staff, executives of the National Association of Agri-food Supervisory Agencies (NAASA), Agency officials, and industry representatives.
- Council's new web site was officially unveiled at the open house on November 16. The site will gradually be expanded to include an interactive component, which will provide a critical mass of knowledge about the industry and enable users to communicate interactively through this site. The expansion of the web site will be a key element in Council's communications strategy for 1999-2000.

Staff member Elizabeth (Liz) Leckie (seated) gives a demonstration of Council's new web site. Vice-Chairperson Linda Boxall and Reg King of the Newfoundland Agricultural Products Marketing Board look on.





A



B

OPEN HOUSE

A: Gordon MacKenzie, Secretary, Manitoba Natural Products Marketing Commission and Neil Currie, C.E.O., Canadian Egg Marketing Agency

B: Council member Michel Veillette and Louise Migneault, Special Assistant to Minister Vanclief.

C: (from l.-r.): Wallace Dowswell, Department of Foreign Affairs and International Trade; Russ Husdon, B.C. Marketing Council; Council Member Paul Ouellette; and Chairperson Cynthia Currie.

D: (from l.-r.): Sally Rutherford, Canadian Federation of Agriculture; Council member David Coburn.

E: Sue Gillespie, Ontario Farm Products Marketing Commission; staff member Robert (Bob) Botsford; and Brian Cram of Cold Springs Farm.



C



D



E

A black and white photograph of a farm scene. In the upper left, a turkey is perched on a ledge. In the upper right, a large hen stands facing left. In the lower center, three small chicks are gathered together. The background is a rough, textured wall. The text 'ADMINISTRATION' is overlaid in a large, serif font, with 'ADMINISTRATION' in a smaller font below it.

ADMINISTRATION

ADMINISTRATION

RELOCATION

After 13 years at the Martel Building on Albert Street, Council moved to new quarters on September 1, 1998. Although the office space was reduced to less than half of the size of our previous location, the new offices on Slater Street are modern, well designed and well maintained. Another advantage is that Council will save approximately \$1 million in office rent over the course of its new five-year lease.

STAFF

The Chairperson reviewed the organization of Council staff and several changes were made. All existing position descriptions were reviewed and updated to reflect current and future responsibilities, and four new positions were created. Staffing actions to fill the positions of Executive Director, Communications Manager, Analyst, and Secretariat and Business Manager were completed by June 1998, bringing the number of staff to 16.

MANAGEMENT PROCESSES

Over the last year-and-a-half, a lot of effort was put into developing new internal management processes and procedures. This included a new system for internal budget reporting and a complete audit of our information technology capabilities, resulting in equipment being upgraded or replaced. Every procedure, from inventory control to the management of human resources, was assessed to ensure the smooth operation of Council's day-to-day business.

ADMINISTRATIVE GUIDELINES

The Council's work plan included revising and updating the by-laws and administrative guidelines. A new set of by-laws was introduced in November 1997. Council guidelines for hearing complaints were revised and circulated to all stakeholders in early 1998. Council staff also worked with the national marketing Agencies to review and update

Council's guidelines for approving Agency levy and quota orders, and these were also circulated widely.

AGRICULTURAL PRODUCTS MARKETING ACT

In 1996, Council was made responsible for the administration of the *Agricultural Products Marketing Act*, which is used by

approximately 85 commodity boards across Canada. The Act allows provinces to apply for delegation of federal authority over the regulation of inter-provincial and export trade. Council processes the requests for delegation orders and regulations, in conjunction with officials of Agriculture and Agri-Food Canada.



(Back row, l-r): Lori Harris, Claude Galipeau, Keith Wilkinson, Executive Director Rory McAlpine, Patricia Lepage, Jurgen Schiffer, and John Kirk. **(Front row, l-r):** Pierre Bigras, Elizabeth Leckie, Angele Biljan, Carola McWade, Lisette Wathier, Robert Botsford, Louise Séguin, and Lise Corbett.
(Missing from the photo: Lise Leduc.)

