

# 2004 IN REVIEW



**National  
Farm  
Products  
Council**



**Conseil  
national  
des produits  
agricoles**



**Partnership...Communication...Accountability**

### Our mission is to:

ensure that the national supply management systems for poultry and eggs and national check-off systems for farm products work in the balanced interests of all stakeholders;

and to

promote the strength of the agri-food sectors for which Council has responsibility.

### Our mandate is to:

- advise the Minister on all matters relating to the establishment and operation of agencies under this Act with a view to maintaining and promoting an efficient and competitive industry;
- review the operations of agencies with a view to ensuring that they carry on their operations in accordance with their objects;
- work with agencies in promoting more effective marketing of farm products in inter-provincial and export trade and in the case of promotion-research agencies, in promoting marketing in import trade and in connection with research and promotion activities; and
- consult on a continuing basis, with the governments of all provinces and territories having an interest in the establishment or the exercise of the powers of one or more agencies under the Act.

### The Agriculture and Agri-Food Portfolio

Agriculture and Agri-Food Canada (AAFC)  
National Farm Products Council (NFPC)  
Canadian Dairy Commission (CDC)  
Canadian Food Inspection Agency (CFIA)  
Canadian Grain Commission (CGC)  
Farm Credit Canada (FCC)

Canada Building,  
10th Floor, 344 Slater Street  
Ottawa, Ontario K1R 7Y3  
Phone: (613) 995-6752  
Fax: (613) 995-2097  
Web site:  
<http://www.nfpc-cnpa.gc.ca>  
E-mail: [nfpcweb@agr.gc.ca](mailto:nfpcweb@agr.gc.ca)

© Minister of Public Works  
and Government Services  
Canada, 2005

Cat. No. A99-2/2004  
ISBN: 0-662-68501-6

*Cover photo: Martin Lipman*  
*Graphic Design: Chantal Lafontaine*

# Table of Contents

Message from the Chairperson .....	2
Staff and Members .....	3
<b>Council Business in Review</b>	
<i>Appointments to the Council</i> .....	4
<i>Council Meetings</i> .....	4
<i>Renewal of Federal-Provincial Agreements</i> .....	4
<i>Complaints Hearings and Reports</i> .....	6
<i>Strategic Co-operation</i> .....	6
AAFC Portfolio Heads .....	6
NAASA .....	7
WTO .....	7
<i>Poultry Markets Information Working Group</i> .....	8
<i>Forum on Grocery and Food Service Trends</i> .....	8
<i>Environmental Scan</i> .....	9
<i>Modern Comptrollership Implementation</i> .....	10
<i>Communications Initiatives</i> .....	10
<b>State of the Industry</b>	
<i>Industry at a Glance</i> .....	11
On-Farm Food Safety .....	11
Avian Influenza .....	11
Bovine Spongiform Encephalopathy .....	12
<i>Agencies at a Glance</i> .....	12
Canadian Broiler Hatching Egg Marketing Agency .....	12
Canadian Egg Marketing Agency .....	13
Canadian Turkey Marketing Agency .....	13
Chicken Farmers of Canada .....	14
Canadian Beef Cattle Research, Market Development and Promotion Agency .....	15
Looking Forward .....	16
Legislative Framework .....	17
Industry Contacts .....	18

## Message from the Chairperson



2004 was both interesting and challenging and I am pleased to report on the work of the National Farm Products Council - our strategic objectives and outcomes. The Council takes pride in its leadership role with respect to the regulatory framework for the supply management system in poultry and eggs and its capacity, through information sharing and the convening of conferences and meetings, to stimulate innovative thinking within the agencies for which it is responsible, and the industry as a whole.

As we move with confidence into the third year of our Strategic Plan, I am proud to report on the commitment and competence of Council members and staff in their contributions to our activities this past year. We have strengthened our partnership with stakeholders with a view to maintaining a strong agri-food sector in Canada. Much has also been done to improve communications and to facilitate global industry knowledge sharing. As we move towards a culture of modern management based on transparency, accountability and integrity, we are determined to make these principles a part of our day-to-day work.

In mid-year, the terms of three Council members expired - Anne Chong Hill, Sandy McCurrach and Félix Destrijker. I would like to recognize the excellent contributions made by these individuals. We, as a Council and I believe the entire poultry and egg industry, benefited from their expertise, hard work and dedication. The period between the end of their terms and the appointment of new members in late December resulted in an increased workload for our Vice-Chair, Ron O'Connor and members Michel Veillette and Maurice Giguère. I would like to thank them for their full support and cooperation.

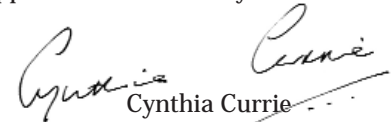
At the staff level, our team, headed by Executive Director, Terry Hayward, saw a few changes this year. We said goodbye to Jurgen Schiffer, Commodity Officer, who retired at the end of the year after having served 30 years with the federal government, 17 of which were with the Council. We also said farewell to Louise Séguin, Manager of Corporate Services, who took a secondment opportunity with the Department of National Defense. We welcomed Christine Kwasse as Director of Policy and Programs, replacing Keith Wilkinson. Keith is on a pre-retirement assignment with the Council until his retirement at the end of 2005. Our work as Council members could not be accomplished as efficiently and effectively as it is without the staff that so ably supports us.

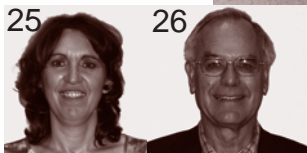
Challenges are a fact of life in any business and should be seen as a force that motivates us to perform even more successfully. Some of the challenges we faced during the year were out of our control - for example, the Avian Influenza disaster in B.C.'s poultry industry and the closure of many of our beef export markets due to BSE. These events had a major impact on producers, the operations of the poultry and beef industries and governments at all levels.

At Council, we managed disputes and heard complaints regarding the operations of the poultry and egg agencies. We were disappointed that little progress was made on the renewal of the federal-provincial agreements for eggs, turkey and broiler hatching eggs as a result of ongoing disputes related to the sharing of national production allocations. We sincerely hope that the agencies will make this a priority in the upcoming year.

In our role as the governmental body that oversees the beef promotion research Agency for cattle producers, our staff worked with the Agency to develop a national domestic levy system. When this is put in place in early 2005, the Agency can then turn its attention to the development of a levy mechanism on imports of beef. This dual levy system will provide a source of revenue that will greatly assist in funding the promotion of and research on Canadian beef.

As we head into the New Year, I believe that this Council is well positioned to continue playing a leadership role, one which challenges the industry to look at creative ways of doing business and resolving disputes. And we will continue to work with our provincial/territorial government colleagues and other stakeholders to support an even more dynamic and successful poultry and egg sector and beef industry.

  
Cynthia Currie  
Chairperson



1. Reg Milne, 2. Carole Hotte, 3. Lise Leduc, 4. Chantal Lafontaine, 5. **Roger Richard (Member)**, 6. Terry Hayward, 7. Christine Kwasse, 8. Lisette Wathier, 9. John Kirk, 10. **Cynthia Currie (Chairperson)**, 11. **Susan Johnson (Member)**, 12. Louise Séguin, 13. Pierre Bigras, 14. **Michel Veillette (Member)**, 15. **Juliann Blaser Lindenbach (Member)**, 16. **Ron O'Connor (Vice-Chair)**, 17. Laura LeBoeuf, 18. David Byer, 19. **Maurice Giguère (Member)**, 20. Jurgen Schiffer, 21. Carola McWade, 22. Kevin McBain, 23. **Stewart Affleck (Member)**, 24. Keith Wilkinson.  
*Inset:* 25. Patricia Lepage, 26. **Larry Campbell (Member)**

## Council Business in Review

### Appointments to the Council

In late December 2004, Minister of Agriculture and Agri-Food Andy Mitchell announced the appointment of five new members to the Council. Mr. Larry Campbell is a chartered accountant and partner in the firm Campbell and Company and the owner-operator of a beef cattle ranch in Kamloops, British Columbia. Ms. Juliann Blaser Lindenbach is a registered nurse in the field of Emergency and Ambulatory Medicine and an active partner in Robella Holsteins in Balgonie, Saskatchewan. Ms. Susan Johnson is an owner-operator of Shoreline Stock Farm, a ranch that has been a leader in the development of hybrid cattle, in Eddystone, Manitoba. Mr. Roger Richard is a self-employed vegetable and strawberry grower in Acadieville, New Brunswick and helps manage the Finnigan Greenhouse. Mr. Stuart Affleck is a commercial potato farmer in Bedeque, Prince Edward Island.

With these appointments, the Council is now well-equipped to continue to perform its duties with a full slate of nine experienced members representing every region of Canada.

### Council Meetings

In order to fulfill its legislative mandate, the Council met twelve times during 2004 - eight face to face meetings and four by teleconference. The Council's Secretariat coordinates all meetings and materials for Council members and participants. Through these meetings, the Council was kept up to date on the agencies' business, meetings, concerns about allocation policies and processes, and strategic visions, work plans and budgets. The prior-approval of the quota regulations and levies orders of the four poultry and egg agencies continued to be one of Council's major responsibilities.

Council was also briefed on industry-wide issues such as the World Trade Organisation (WTO) negotiations, on-farm food safety programs and other poultry and egg industry matters such as Tariff Rate Quota allocation issues and the industry's response to the outbreak of Avian Influenza in B.C. in February 2004.

Council received regular updates regarding the development of levies orders for the beef Agency, and was briefed several times during the year on the state of the beef industry.

Council also received presentations regarding the Canadian Agricultural Income Support (CAIS) Program, the Office of the Ethics Commissioner, and modern comptrollership.

### Renewal of Federal-Provincial Agreements

The need for renewal of federal-provincial agreements (FPAs) for eggs, turkey and broiler hatching eggs remains a major concern of the Council.

During a 1998 meeting of federal, provincial and territorial Ministers of Agriculture, the national poultry and egg marketing agencies were directed to renew their agreements.

The goal was to ensure that the agencies' operations are based on a strong legal framework and to modernize their agreements -- making the supply management system more market-responsive.

In some cases, the existing agreements have been in place for more than 30 years and do not adequately reflect the current operations of the agencies.

Chicken Farmers of Canada (CFC) was the first Agency to sign a new federal-provincial agreement, in June 2001.



Left to right: Members Michel Veillette, Juliann Blaser Lindenbach, Maurice Giguère and Council staff Laura LeBoeuf.

This agreement incorporated a new market-based approach to quota allocation and included the signatories from British Columbia, who had withdrawn from the chicken Agency a decade earlier. With the conclusion of CFC's efforts, the Canadian Egg Marketing Agency (CEMA), the Canadian Turkey Marketing Agency (CTMA) and the Canadian Broiler Hatching Egg Marketing Agency (CBHEMA) began to draft their respective agreements using similar structure and format to that developed by CFC.

Throughout 2004 progress was stymied as CEMA, CTMA and CBHEMA all grappled with issues relating to the allocation of quota amongst signatory provinces.

**CEMA** - The three Saskatchewan signatories have indicated that they will not sign an FPA including CEMA's proposed new quota allocation methodology. Saskatchewan is challenging this methodology on the grounds that it does not adhere to the requirements of the *Farm Products Agencies Act*. Saskatchewan maintains that there is no consideration of the principle of comparative advantage of production in the new methodology.

criteria set out in the marketing plan in their quota allocation process, resulting in reduced market responsiveness and market growth in British Columbia. This resulted in Council holding a complaints hearing in December 2004 (see next section).

**CBHEMA** - Progress on a new FPA effectively halted during 2004. The outstanding issue relates to the adjustment in the quota allocation methodology to account for imports. Since the Agency's establishment in 1986, Alberta has been treated differently from other member provinces for purposes of assigning provincial production levels.

This situation arose because imports as a percentage of the total supply of hatching eggs in Alberta were and are significantly less than in other member provinces. In pursuing a renewed agreement, the intention of the Agency was to strive toward more equitable treatment in the quota allocation process for all member provinces.

In August 2004, pursuant to the terms of the existing agreement, the Alberta signatories gave their notice of intent to withdraw from the national system effective December 1, 2004. This leaves CBHEMA with four member provinces: British Columbia, Manitoba, Ontario and Quebec.

Renewal of the federal-provincial agreements will continue to be a top priority for the Council in 2005. The Council will work with the agencies and provincial/territorial governments and supervisory boards involved in order to continue to move the process to completion.

On August 30, 2004, the Saskatchewan signatories filed an application in Federal Court for judicial review of CEMA's quota allocations for 2004 and 2005. Saskatchewan alleges that CEMA did not consider the criteria set out in its Proclamation but rather employed an allocation formula using criteria not expressly reflected in the marketing plan.

Saskatchewan is requesting the Court to quash CEMA's decisions on quota allocations as well as to prohibit further use of its current allocation formula. It is likely the Court will hear the case early in 2005.

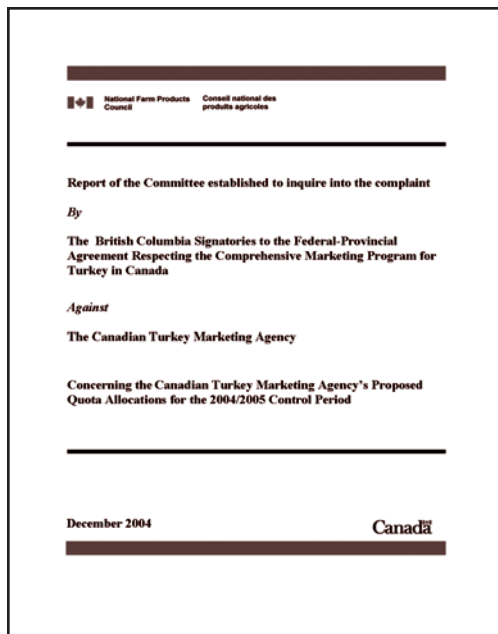
**CTMA** - Movement towards completing a draft FPA was very slow during 2004 as CTMA directors attempted to develop a market responsive quota allocation policy for the future.

The British Columbia signatories filed a complaint with the Council in December 2003 charging that the CTMA failed to take into account comparative advantage of production as required by the Act and certain



Left to right: Executive Director, Terry Hayward and Vice-Chair, Ron O'Connor.

## Complaints Hearings and Reports



Under the *Farm Products Agencies Act*, the Council plays a quasi-judicial role relating to complaints received from persons directly affected by decisions of the agencies. This may take the form of facilitation and/or formal inquiries, as the Council deems appropriate. In early 2004, the Canadian Poultry and Egg Processors Council (CPEPC) filed a complaint with regard to the Chicken Farmers of Canada's periodic allocation process for A-58 and the chicken allocation process in general. As an alternative to a hearing, the Council convened a meeting between CFC and CPEPC to facilitate an open

discussion regarding the issues outlined by the CPEPC. The meeting was constructive and positive. The CPEPC and CFC representatives expressed their appreciation to the Council for initiating such a meeting, describing it as an innovative way to achieve consensus.

During the year, the Council held hearings into four separate complaints. In March 2004, a combined hearing was held to hear complaints by both the Saskatchewan and British Columbia signatories to the egg plan against the CEMA's proposed quota regulation for the 2004 calendar year. Council members Cynthia Currie, Anne Chong Hill and Maurice Giguère acted as the Complaints Committee. During that hearing, agreement was reached amongst the provinces to strike an interim quota regulation. A report of the Complaints Committee's findings was accepted by the full Council and distributed widely.

In October 2004, a Complaints Committee comprised of Cynthia Currie and Michel Veillette listened to a complaint by Giannone Poultry Inc. challenging the Chicken Farmers of Canada's assessment of a penalty against the company based on the terms of the Agency's Market Development Policy. While the parties to this complaint agreed that the relief each was seeking was not within the Council's jurisdiction to grant, each agreed to go forward with the hearing. The Committee's report was accepted by the full Council.

The British Columbia signatories to the turkey marketing plan lodged a complaint with the Council in December 2003 against the failure of the Canadian Turkey Marketing Agency to ensure a market responsive quota allocation system through its failure to follow the criteria in the marketing plan when it set its quota allocation to the provinces for the 2004-05 control period.

In the interim, there were several attempts to reach a resolution of the issue by the CTMA and by the Council in its role as a facilitator. Unfortunately, all these attempts failed. This complaint resulted in Council asking the CTMA to hold a special directors' meeting to address B.C.'s concerns. Several meetings were held throughout 2004, but the Agency was unable to resolve B.C.'s concerns. A complaint hearing was held on December 1, 2004.

Council members Ron O'Connor and Michel Veillette formed the Complaints Committee and presented a report, the result of which was a Council finding that the Agency had not taken into account, in any real or meaningful way, the criteria specified in its Proclamation. As a result, Council declined to prior-approve the Agency's proposed quota order for the 2004/05 control period. Copies of all Council reports on these hearings are available on our website.

## Strategic Co-operation

### AAFC Portfolio Heads

With the Council being part of the Agriculture and Agri-Food Canada (AAFC) Portfolio, the Chairperson and staff participated in portfolio meetings and activities in order to keep informed about the Department's critical issues and strategic direction.



The AAFC Portfolio consists of six organizations: Agriculture and Agri-Food Canada; Canadian Food Inspection Agency; Farm Credit Canada; Canadian Grain Commission; Canadian Dairy Commission and National Farm Products Council. Each Portfolio organization has its own mandate, organizational structure and specific relationship to the Minister. To assist the Minister in the day-to-day management of his Portfolio, a Deputy Minister or a Portfolio Head has been appointed to oversee the operations of each organization.

Portfolio Heads are appointed by the Governor-in-Council, on the recommendation of the Minister. The responsibilities of the Portfolio Heads and their relationship to the Minister vary according to the statute governing their organization. Accordingly, the Minister has varying degrees of control and responsibility for each Portfolio organization. Regardless, each Portfolio Head reports directly to the Minister and through the Minister, to Parliament.

The Portfolio Heads meet at various times throughout the year to discuss subjects of mutual interest and to ensure that the Minister receives consistent advice on issues within the Portfolio. In early 2005, Portfolio heads will hold a retreat to discuss issues which are common to all portfolio agencies and the Department.

## National Association of Agri-Food Supervisory Agencies (NAASA)

Council is a member of the National Association of Agri-Food Supervisory Agencies. NAASA is comprised of the Council and eleven provincial and territorial supervisory boards.

NAASA meets from time to time to discuss matters relating to the operations and issues of the national supply management agencies for poultry and eggs. These supervisory boards have regulatory responsibility for marketing boards and agencies for supply managed and other products within their jurisdictions.

The Council played a leading role in NAASA's consultations with stakeholders and industry associations in 2004. The main issues discussed at NAASA meetings were the renewal of FPAs and other key issues faced by industries, agencies and governments such as improving communications amongst all parties.



## World Trade Organization

WTO has been one of the most important issues at the government, agency and industry levels in 2004. The focus of the negotiations is achieving substantive improvements in market access, elimination of export subsidies and the reduction of trade-distorting domestic support for agriculture.

In July 2004, WTO members agreed on a framework for agriculture that supported many of Canada's objectives, namely reductions in trade-distorting domestic support, elimination of export subsidies and improvements in market access. Although Canada's supply managed poultry and egg producers view the framework agreement as an improvement over earlier proposals, producers nevertheless have voiced concerns about challenges the industry faces respecting future negotiations on domestic support, market access and on the effective level of tariffs.



**Meeting with CTMA Executive.**



## Poultry Markets Information Working Group (PMIWG)

To improve the strength, competitiveness and profitability of the Canadian agriculture and agri-food industry, the Council pilots the Poultry Markets Information Working Group, made up of representatives of the four agencies, the two processor associations and government departments. The PMIWG meets regularly to work towards the development of a credible and accurate statistical database for the poultry and egg industry -- essential to support the supply management system.

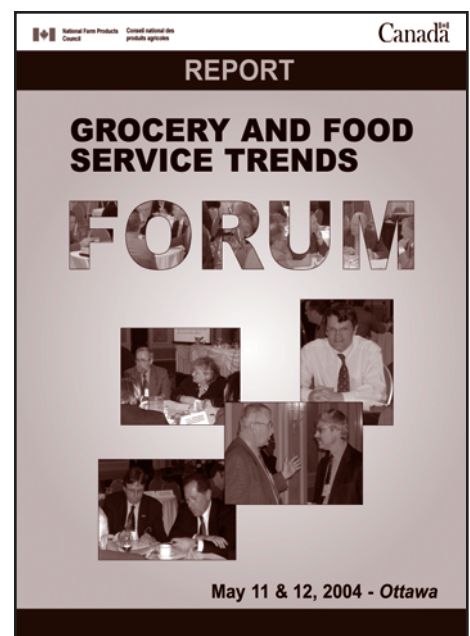
In 2004, Council staff worked with Agriculture and Agri-Food Canada Market and Industry Services Branch staff to move the process forward. Council staff also assisted the Canadian Food Inspection Agency with the data capture of records reporting poultry meat exports to the United States for the 2003 calendar year. In order to fulfil its duties, the Council is committed to continue in 2005 to support the efforts of the Group to put in place a common base of production, storage stocks, consumption and trade data. For this to succeed, an industry/government agreement will have to be reached on the parameters of a data collection and dissemination mechanism.

## Forum on Grocery and Food Service Trends

In May 2004, the Council reached a milestone on the road to improving consumer-focused collaboration among industry participants and with governments along the poultry and egg supply chains by hosting a Forum on Grocery and Food Service Trends in Ottawa. This event brought together

leaders of the poultry and egg industry, representatives from the grocery, food-service and distributors sectors, subject matter academics, as well as federal and provincial government representatives, to discuss trends in the marketplace and the impact on today's consumer.

Five key speakers -- Allan Gregg, Chairman of the Strategic Counsel; Nick Jennery, President of the Canadian Council of Grocery Distributors; Craig Watson, Vice-President of Quality Assurance of Sysco Inc.; Cora Tsouflidou, Founder, President and CEO of Chez Cora, and David E. Bell, Professor of Agriculture and Business at Harvard Business School -- discussed the current situation in the grocery and food service business. They piloted dialogue on major changes in the industry, key drivers in consumer behaviour,



the concept of value chain in the industry, as well as challenges and opportunities in the grocery and food sector. Group discussions allowed participants to give their impressions of the topics presented by the panel and to understand current conditions and future perspectives of the agri-food industry.

This forum was a solid foundation for effective communication, presented a "Big Picture" of the industry and brought out ideas of improved partnership, collective vision and shared prosperity.

Positive feedback was received on the overall event and on the outstanding presentations of the guest speakers. Participants also valued an event that enables the transfer of knowledge and promotes effective entrepreneurship throughout the country.

Council is looking forward to meeting with leaders of the poultry and egg industry to further discuss outcomes and initiatives for a flourishing and successful future for Canada's poultry and egg agri-food sector.

## Environmental Scan

In order to monitor its operating environment, the Council has met frequently with the agencies, related industry stakeholders and associations. These meetings have kept the Council informed on major issues: production trends and the increased role of technology; consumption trends in the poultry and egg markets; and development and promotion of the grocery and food service industry.

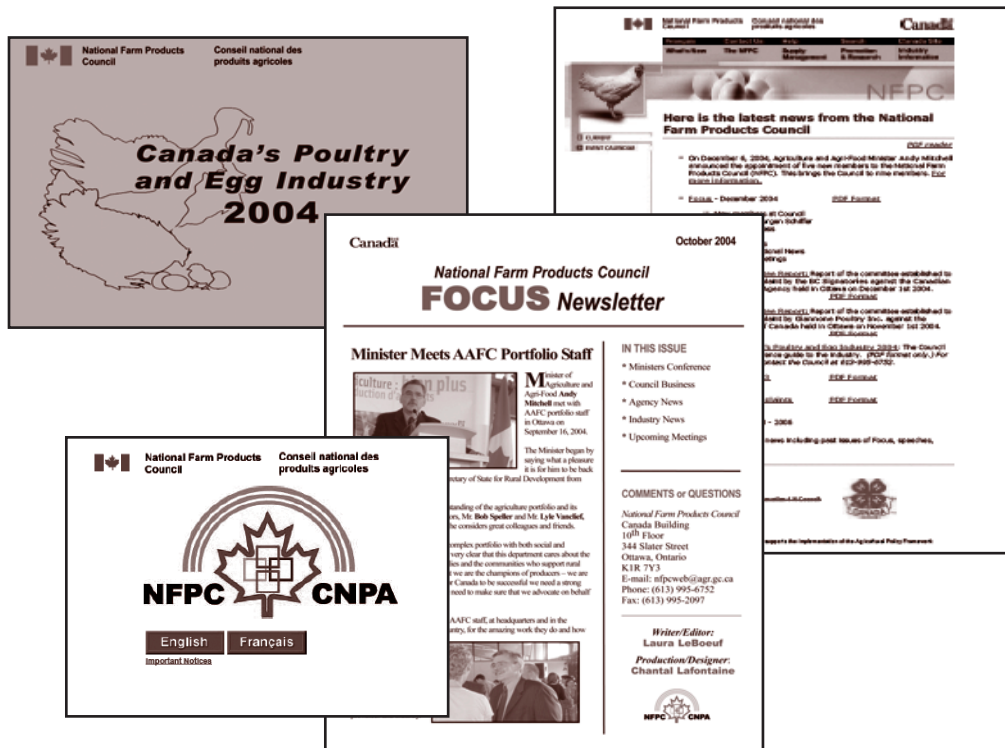
In 2004, Council staff participated in a number of forums and workshops locally and around the world in order to build knowledge on trends and developments in the agriculture and agri-food sector. Council members and staff also attended all Agency annual meetings, stakeholders' special meetings and most provincial commodity board annual meetings. Council members and staff attended the annual meeting of the Canadian Poultry and Egg Processors Council, as well as meetings of the Canadian Cattlemen's Association, the Council of

Canadian Administrative Tribunals, the Canadian 4H Council, the Royal Agricultural Winter Fair, and the Canadian Federation of Agriculture.

In recent years, Council has undertaken a number of international initiatives, including an industry mission to Brazil in September 2003, attending ANUGA in Germany in 2001, and hosting a booth at Foodex Japan in 2001. This year, Council kept up its commitments on the international front by participating in a number of events. One of these was SIAL Paris, the world's largest food and food products showcase, where buyers and sellers from around the world met to promote their innovative products and share business approaches.

The Council attended this year's event to observe and evaluate the show as a marketing venue for the world's poultry and beef exporters. Other events included the meeting of the Special Advisory Committee on Management Issues initiated by the Inter-American Institute for Cooperation on Agriculture (IICA) to discuss their new vision, which is "to promote food security and prosperity of the rural sector of the Americas". IICA is a specialized agency of the inter-American system, whose purpose is to encourage and support the efforts of its member states to foster agricultural development and rural well-being in their countries. In addition, Council was represented at the USDA Outlook Conference in February 2004.





## Communications Initiatives

Council consistently provided excellent communication resources to inform industry partners and stakeholders in 2004. The FOCUS newsletter received a refreshed look, a new section on International News was added and a new electronic delivery method was introduced. We have seen an increase in our readership of 15% due to our innovative distribution system and have received positive feedback regarding the design and content of FOCUS.

Council staff continued to update and improve Council's website, making it more accessible, user-friendly and informative for visitors. The home page and the contacts pages for the supply marketing agencies and provincial governments received the most hits. We also answered many email requests for information. As directed by the Treasury Board of Canada Secretariat, a new section on contracts, travel and hospitality expenses and position reclassifications was added.

To improve markets information sharing in the industry, the third edition of Canada's Poultry and Egg Industry handbook was released late in the summer. This all-in-one reference guide provides a wide range of facts and statistical data on the poultry and egg industry. This practical tool benefits the industry, the academic world, government departments and Members of Parliament.

## Modern Comptrollership Implementation

The first step in implementing modern comptrollership (or modern management practices) at the Council was taken in 2003 when a capacity assessment of Council's operations was conducted. As a result of this assessment, various projects were identified to implement improvements to Council's internal operations.

The first was a review and documentation of business processes, which zeroed in on financial administration practices at the Council. A second project was designed to improve the Council's strategic planning and performance measurement processes.

As part of our commitment to remain transparent and accountable to Canadians, the Council will formalize its planning and reporting processes, using a detailed risk analysis model as part of its activities in this area. Most of this work will be completed in 2005.

As risk management is part of modern comptrollership, Council is on the right track to assess, manage and mitigate risks related to its activities. Working towards the implementation of our Strategic Vision 2003 -2006, Council will continue to develop processes which will enable it to evaluate significant risks.

# State of the Industry

## Industry at a Glance

### On-farm Food Safety

Food safety has become a serious preoccupation for governments, industry and consumers, particularly as a result of Bovine Spongiform Encephalopathy (BSE) and Avian Influenza (AI) being detected in Canada. The agricultural sector is committed to producing safe food and protecting food quality at the farm level. Since 1991, CFIA has developed a Food Safety Enhancement Program (FSEP) to motivate and maintain the development and implementation of Hazard Analysis Critical

Control Point (HACCP) practices and standards. This system is internationally recognized and is comprised of a set of seven basic principles that enable all federally registered meat, dairy, shell egg, processed egg, poultry hatchery and other food sector establishments to prevent and control potential food safety hazards.

All agencies continue to work in collaboration with governments, the CFIA and other organizations to ensure that their respective industries are operating in a safe environment and are capable of providing safe products to the Canadian and international markets. They have put in place technical working groups and committees to move forward with these food safety programs and to monitor their development.

The recognition of HACCP-based on-farm food safety programs by the government is important for Canada's domestic and international reputation for food safety and quality and markets for Canadian products may be expanded as a result.

### Avian Influenza

In February, 2004, a highly pathogenic Avian Influenza outbreak occurred in the Fraser Valley of British Columbia. The AI outbreak spread from farm to farm causing considerable damage to the poultry and egg industry. As a result, the former Minister of Agriculture and Agri-Food Canada the Honourable Bob Speller announced the depopulation of all commercial poultry flocks and other backyard birds in the Control Area in British Columbia's Fraser Valley. The decision was based on the recommendation of the Canadian Food Inspection Agency in consultation with

the Province of British Columbia and the poultry industry. To contain and eradicate the virus, 410 commercial poultry farms and 553 backyard flocks were depopulated totaling 14.9 million commercial and 18 thousand backyard birds. The emergency response operation was carried out by all levels of government, industry and area residents and was successful in eradicating the disease from domestic birds in the affected area.

The Council helped to sponsor and participated in the Canadian Poultry Industry Forum held in Abbotsford, B.C. on October 27 & 28, 2004. The purpose of the Forum was to discuss plans to ensure that any future poultry disease outbreaks in Canada are well handled.

According to the December 2004 report on the Forum, the economic cost of the outbreak is estimated in the hundreds of millions of dollars. The theme of the forum was "Avian Influenza ...Lessons learned and moving forward ". The event brought together more than 180 industry stakeholders from across Canada.



The Council congratulates the agencies, governments, and industry stakeholders on their cooperation in handling the B.C. AI situation, which allowed the B.C. market to be well supplied and helped to minimize the impact of the outbreak on the Canadian industry as a whole. The Council will continue to follow the situation in 2005.

## Bovine Spongiform Encephalopathy

The BSE issue has become a major concern for governments and the cattle industry since the confirmation of BSE in Canada in the spring of 2003. The crisis has had a major impact on Canadian exports of live cattle and beef, and has negatively affected the entire agriculture and agri-food sector. The federal government is working domestically with provincial governments and industry and internationally with the U.S. and other countries to better manage this situation.

A number of specific options have been discussed at both the federal and provincial levels to address opening the U.S. border, increasing slaughter capacity, supplying animals which match the slaughter capacity available, protecting producer income and increasing access to foreign markets. In its role as overseer of the Canadian Beef Cattle Research, Market Development and Promotion Agency, Council will continue to monitor the evolution of the BSE situation.



## Agencies at a Glance

### Canadian Broiler Hatching Egg Marketing Agency



The Agency had a challenging year. Their hope of reaching a consensus for the renewal of their federal-provincial agreement was jeopardized by Alberta's notice of withdrawal from the Agency in August 2004. Alberta withdrew from the Agency effective December 1, 2004. The main reason for their withdrawal was the inability of all Agency members to reach an agreement on Alberta's share of imports, and the impact of this share of imports on their provincial allocation.

The Agency devoted significant energy to its Canadian Hatching Egg Quality (CHEQ™) Program in 2004. During the year, the Canadian Food Inspection Agency announced the successful completion of their Technical Review - Part One, CBHEMA's program for food safety. The objective of this Review is to confirm that the program is technically sound, and adheres to Hazard Analysis Critical Control Point principles. The CHEQ™ Program will now be

implemented at broiler hatching egg production facilities across Canada before undergoing the remaining stages of the recognition process.

## Canadian Egg Marketing Agency

The Agency began the year without quota and levies orders due to two complaints registered with the Council on the Agency's 2004 quota and levies orders by the signatories from British Columbia and Saskatchewan (see Complaints Hearings and Reports). Following the Complaints hearing and at the request of the Agency, with the support of the complainants, interim quota and levies orders were prior-approved by the Council on March 23, with an expiry date for both orders of July 31, 2004. During the period when the Agency did not have quota and levies orders, the Agency received voluntary levy contributions of 25 cents per dozen from producers.

With the outbreak of Avian Influenza in British Columbia in February, the Agency became actively involved in ensuring that the B.C. market for table eggs was fully supplied. This involved considerable effort on the part of the Agency however the situation was managed very effectively. The Agency is implementing a program to ensure the orderly repopulation of layer barns over the coming months.

Despite these challenges, the Agency accomplished a number of things in 2004. To ensure food safety, CEMA worked with CFIA to improve their "Start Clean - Stay Clean" program based on HACCP principles. The Agency is working on the technical aspects of the program and hopes that the protocol for implementation will be finalized in the near future. CEMA was actively engaged in work on issues relating to the WTO negotiations and participated in a number of meetings and conferences.



## Canadian Turkey Marketing Agency

The Agency faced a number of difficult challenges during 2004. Not unlike the other agencies, one of the main issues was the inability of the turkey signatories to reach consensus on a renewed FPA. At the end of 2003, the British Columbia Minister of Agriculture, Fisheries and Food, the B.C. Farm Industry Review Board and the B.C. Turkey Producers Marketing Board (B.C. signatories) challenged CTMA's allocation methodologies, on the grounds that CTMA failed to take into account the criteria set out in the marketing plan when making over-base quota allocations to provinces (see Complaints Hearings and Reports).

During 2004, another complaint was filed with the Council by Leth Farms Ltd., an Alberta-based vertically integrated producer-processor of organic turkey, on the grounds that the CTMA erred in its calculation of Leth's export marketing. Leth Farms alleged that this resulted in excessive and erroneous levies and penalties being imposed upon it by the Alberta Turkey Producers. After reviewing the grounds for the appeal, the Council informed the complainant that the relief sought was outside the Council's jurisdiction and therefore Council would not take any further action on the matter at that time. In December, the Council received a Notice of Application from the Federal Court of Canada requesting the response of the Attorney General of Canada and the CTMA to an affidavit filed by Leth Farms.



Despite the Agency's best efforts, per capita consumption of turkey has remained unchanged for a number of years. In its ongoing efforts to increase turkey consumption, an innovative multi-media campaign entitled "Turkey for Dinner" was launched early in 2004. However, the campaign will not continue in 2005 as the agreed-upon full participation of producers and processors was not sustained. Such a promotional campaign could have greatly assisted the industry in increasing turkey consumption, providing benefits to the Agency, industry and consumers.

In late 2004, a significant opportunity for industry growth presented itself in the form of a new deli-style turkey sandwich launched by McDonald's Restaurants. Council sincerely hopes that this venture will give turkey consumption a much-needed boost.

Like the other agencies, the CTMA was actively involved in work relating to the WTO negotiations.



**McDonald's NEW Turkey BLT.**

## Chicken Farmers of Canada

For a number of years, the Agency has been committed to track trends and monitor consumption of chicken across the country every three years. In 2004, a fourth national survey of consumers' use of and attitude towards chicken was completed. This study indicates that chicken continues to

grow in popularity and is the meat of choice for a growing number of Canadians. The continued success of the chicken industry depends on its ability to adapt to the changing marketplace. It is essential to recognize changing demographics, changing lifestyles, and the impact of consumers' desire for healthy foods.



The Agency has taken a leadership role in ensuring the quality and safety of its product. CFC's on-farm food safety program, called Safe, Safer, and Safest, has been recognized by the Canadian Food Inspection Agency and involves a food safety manual, third-party validation of on-farm practices. Safe, Safer Safest was first introduced to producers in 1998. It was developed by farmers for farmers and respects Canadian regulatory requirements. The program combines good production practices (GPP) and internationally recognized Hazard Analysis Critical Control Point (HACCP) principles into chicken production.

Allocation setting continued to be a difficult issue for the Chicken Farmers of Canada in 2004. Downstream stakeholders voiced concerns regarding the allocation process at various times during the year. To CFC's credit they convened a special stakeholders meeting in Ottawa in September to examine allocation issues and to find ways of improving the process. There was a general consensus that a long-term, fact-based approach to allocation is required. However, the issue of differential growth remained a contentious one. The Share the Market Working Group, consisting of farmers and downstream players, was created to look at long-term allocation setting and to identify and evaluate methodologies for differential growth. The report will be presented to CFC Directors at their March 2005 Annual General Meeting.

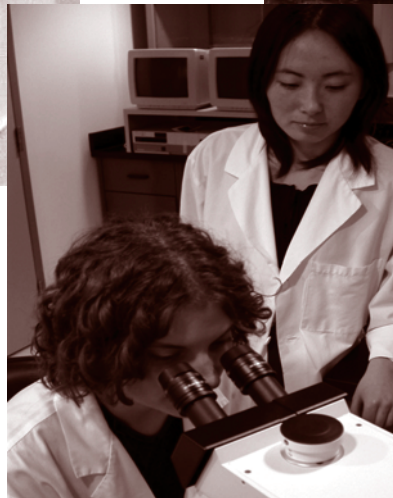


## Canadian Beef Cattle Research, Market Development and Promotion Agency

The Agency was close to finalizing service agreements and levy orders with provincial boards in 2003 when the first case of BSE was discovered in Canada. This unforeseen event had a negative impact on the Agency's work and created a funding crisis. The Agency had been collecting voluntary levies from beef producers in some provinces. In the months following the discovery of BSE, its funding dropped by approximately 75% and has not yet recovered to the pre-BSE level.

In recognition of this situation and to help the beef Agency to continue to operate, the Council implemented an administrative arrangement with the Agency's Executive Director through the federal government's Interchange Canada program. This arrangement provided the necessary funding to allow the Agency to continue work on the service agreements and levies orders. Council staff worked with federal legal counsel and Agency lawyers to develop levies orders that would meet the needs of beef producers.

The Agency anticipates submitting its first levies orders on domestic production by March 2005 and on imports later in the year.





## Looking Forward

Two years into its 2003-2006 Strategic Vision, the Council has achieved significant progress towards its strategic goals despite several challenges along the way. In 2005, the Council will continue pressing on towards achieving its strategic objectives.

In its role as overseer of the agencies' operations and facilitator for industry development, the Council will continue to work towards the outcomes set out in its strategic vision. The Council will also continue to take seriously its leadership role with respect to the regulatory framework for supply management and its capacity to stimulate progress and innovative thinking within the agencies and the industry.

As we move into 2005, the Council will work cooperatively with stakeholders to review its agenda and priorities for 2005 and will use their input in developing Council's 2006 -2009 strategic plan. Again, the Council is entirely committed to achieving its goals with the support of its new members, staff and industry representatives.



# Legislative Framework

Under Canada's Constitution, agriculture is divided into two jurisdictions; the federal jurisdiction encompassing interprovincial and export marketing and the provincial jurisdiction covering intraprovincial marketing. Any national program must be constructed to respect these two separate but interlinked jurisdictions. The federal government and each province, pursuant to the Constitution, put in place a framework within their own jurisdiction and authority. Structurally, the frameworks have similar parallel components although at the provincial level, there may be some distinctly provincial features.

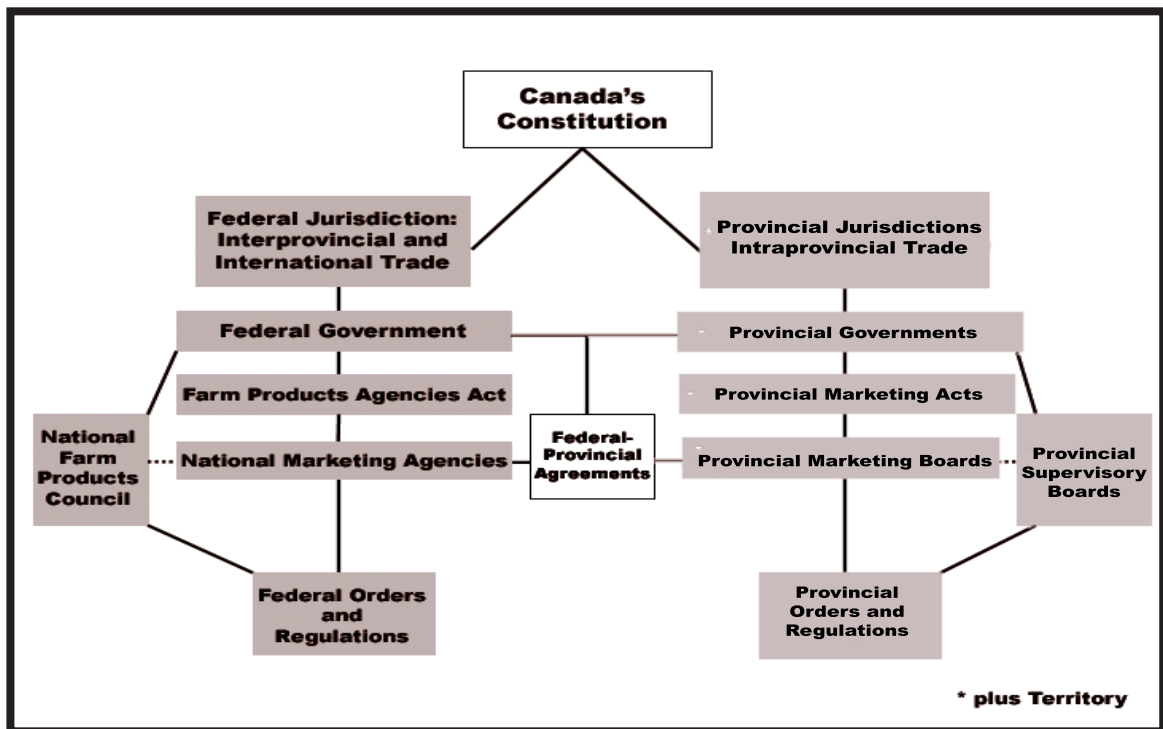
The supply management system rests on four key pillars:

Provincial and territorial legislation governing commodity and supervisory boards.

The *Farm Products Marketing Agencies Act* of 1972 enables producer groups to set up national marketing agencies.

Federal proclamations to establish each of the national marketing agencies.

Federal, provincial and territorial agreements provide the details for operating the system by setting out how each national marketing agency must operate.



## Industry Contacts

### Chicken Farmers of Canada

350 Sparks St., Suite 1007  
Ottawa, Ontario  
K1R 7S8  
Phone: (613) 241-2800  
Fax: (613) 241-5999  
**Website:** [www.chicken.ca](http://www.chicken.ca)  
Contact: Mr. Mike Dungle, General Manager



### Canadian Turkey Marketing Agency

7145 West Credit Avenue, Building #1, Suite 202  
Mississauga, Ontario  
L5N 6J7  
Phone: (905) 812-3140  
Fax: (905) 812-9326  
**Website:** [www.canadianturkey.ca](http://www.canadianturkey.ca)  
Contact: Mr. Phil Boyd, Executive Director



### Canadian Egg Marketing Agency

1501 - 112 Kent Street  
Ottawa, Ontario  
K1P 5P2  
Phone: (613) 238-2514  
Fax: (613) 238-1967  
**Website:** [www.canadaegg.ca](http://www.canadaegg.ca)  
Contact: Mr. Tim Lambert, Executive Director



### Canadian Poultry and Egg Processors Council

1545 Carling Avenue, Suite 400  
Ottawa, Ontario  
K1Z 8P9  
Phone: (613) 724-6605  
Fax: (613) 724-4577  
**Website:** [www.cpepc.ca](http://www.cpepc.ca)  
Contact: Mr. Robin Horel, President and CEO



### Canadian Broiler Hatching Egg Marketing Agency

75 Albert Street, Suite 1101  
Ottawa, Ontario  
K1P 5E7  
Phone: (613) 232-3023  
Fax: (613) 232-5241  
**Website:** [www.cbhema.com](http://www.cbhema.com)  
Contact: Mr. Errol Halkai, General Manager



### Further Poultry Processors Association of Canada

2525 St. Laurent Blvd., Suite 203  
Ottawa, Ontario  
K1G 4K6  
Phone: (613) 738-1175  
Fax: (613) 733-9501  
**Website:** [www.sympatico.ca/fppac](http://www.sympatico.ca/fppac)  
Contact: Mr. Robert DeValck, General Manager

fppac

### The Canadian Beef Cattle Research, Market Development and Promotion Agency

310, 6715-8th Street, N.E.  
Calgary, Alberta  
T2E 7H7  
Phone: (403) 275 8558  
Fax: (403) 274-5686  
Contact: Ms. Gina Grosenick, Executive Director



## We'd like your comments...

Your suggestions and input are important and helps us to improve the quality of our services. Your feedback is greatly appreciated.

Fax or mail your comments and/or suggestions to the number or address below. Please be assured that your privacy is respected and your responses will remain anonymous.

**Email:** [NFPCWEB@agr.gc.ca](mailto:NFPCWEB@agr.gc.ca)

**Fax:** (613) 995-2097

**Mail:** NFPC, 344 Slater St., 10<sup>th</sup> floor, Ottawa, ON K1R 7Y3