

CHICKEN FARMERS OF CANADA

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# ANNUAL REPORT

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~ 2021 ~



CHICKEN  
FARMERS  
OF CANADA

LES PRODUCTEURS  
DE POULET  
DU CANADA



WWW.CHICKENFARMERS.CA  
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# ABOUT US

THE CANADIAN CHICKEN MARKETING AGENCY WAS FOUNDED UNDER THE *FARM PRODUCTS AGENCIES ACT* THROUGH AN AGREEMENT OF THE FEDERAL GOVERNMENT, PROVINCIAL AGRICULTURE MINISTERS, AND CHICKEN FARMERS IN MEMBER PROVINCES. THE YEAR WAS 1978. LATER, IN 1997, THE AGENCY BECAME CHICKEN FARMERS OF CANADA. TODAY, THE ORGANIZATION CONTINUES TO WRITE ITS OWN CANADIAN AGRICULTURE SUCCESS STORY, AND THIS IS THE LATEST INSTALLMENT.

## OUR MANDATE

**C**hicken Farmers of Canada (CFC) has two primary mandates. Our main responsibility is to ensure that our 2,823 farmers produce the right amount of fresh, safe, high-quality chicken to meet Canada's needs. The evolving risk management system we operate under is commonly known as supply management.

This system allows farmers across the country to match their production to Canadian demand. By using this system, consumers are assured a reliable supply of fresh, high-quality food at a reasonable price. Supply management supports a healthy, sustainable sector whose farmers are able to reinvest with confidence in their communities and businesses.

Our second responsibility is to represent the interests of chicken farmers and the Canadian chicken industry. CFC plays a key role in developing, partnering and managing programs for Canada's chicken farmers that prove our producers continue to grow the high-quality chicken that Canadians trust. Through programs such as our *Raised by a Canadian Farmer Sustainability Excellence*, *Raised by a Canadian*

*Farmer On-Farm Food Safety Program*, *Raised by a Canadian Farmer Animal Care Program*, and other biosecurity initiatives, CFC works closely with government partners and industry stakeholders to keep the sector innovative and responsive.

Through our government relations program, CFC strives to ensure that key decision makers in government fully understand the views of Canada's chicken farmers and that these are taken into account when important agriculture and trade policy decisions are made.

## OUR BOARD

Our directions and policies are determined by a 15-member Board of Directors comprised of farmers appointed by the provincial chicken marketing boards. Non-farmer Directors – one from the restaurant industry, another from the further processing industry, and two representing the primary processing industry – are appointed by their respective national associations. This way, CFC and its stakeholders work together on behalf of Canada's chicken industry, from farmer to consumer.

## OUR VISION

*Canadian Chicken:  
Consumers' preferred and trusted protein.*

## OUR MISSION

*To lead and grow a sustainable Canadian chicken industry, while strengthening trust and enhancing value for Canadians.*

Canadians want Canadian chicken, so we deliver them fresh, locally raised food, just the way they like it. Our farmers are a stabilizing force in rural Canada, where they can – and do – reinvest with confidence in their communities, but their contribution is much wider. In sum, we are part of Canada’s economic solution, and do so without income support, and are very proud of both.

The chicken sector in Canada makes a valuable contribution to the economies of rural and urban communities from coast to coast. In addition to 2,837 chicken farmers and 169 processors, the sector generates employment in not only farming and processing, but in veterinary work, transportation, retail, restaurants and more.

In total, the sector:

<p>SUSTAINS <b>101,900</b> JOBS</p>
<p>CONTRIBUTES <b>\$ 8 BILLION</b> TO CANADA’S GROSS DOMESTIC PRODUCT</p>
<p>PAYS <b>\$1.9 BILLION</b> IN TAXES</p>
<p>PURCHASES <b>3 MILLION</b> TONNES OF FEED, SUPPORTING OTHER FARMERS IN TURN</p>



PEOPLE CARE DEEPLY ABOUT THEIR FOOD, ABOUT KNOWING WHERE IT COMES FROM AND THAT WHAT THEY’RE SERVING TO THEIR FAMILY AND FRIENDS IS OF THE HIGHEST QUALITY; OUR FARMERS AND THEIR FAMILIES ARE NO DIFFERENT. SO, WHEN WE SAY THAT THE CANADIAN CHICKEN INDUSTRY IS GOOD FOR CANADIANS, IT’S BECAUSE WE KNOW THAT WE’RE RAISING OUR CHICKENS TO THE HIGHEST STANDARDS: YOURS.



# REPORT FROM THE CHAIR & EXECUTIVE DIRECTOR



BENOÎT FONTAINE



MICHAEL LALIBERTÉ

THROUGHOUT THE LAST YEAR, ONE THING BECAME CLEAR; WE NEED TO TELL OUR STORY. WHETHER IT'S TO OUR VALUE CHAIN MEMBERS, TO GOVERNMENT, OR TO CONSUMERS, WE NEED TO TELL OUR STORY. WE KNOW THIS BECAUSE, EVEN WITH THE PARTS WE DO TELL, THE PARTS OF THE STORY THAT WE ACTUALLY LIVE, WE HAVE BUILT THE TRUST WE HAVE WITH CANADIAN CONSUMERS.

## OUR RECENT SURVEYS TELL US THAT

- » 96% of Canadians trust Canadian farmers.
- » 93% of Canadians prefer to buy Canadian food.
- » 96% of Canadians trust the quality standards of foods from Canadian farms.

Canadian chicken farmers have worked hard to earn the trust of Canadians. The story we've told has been compelling, but we need to keep telling it, and living it – in different ways – in ways that remind people that their trust in us is well-placed.

2021 was the second year in which we, as farmers, as provincial boards, and as a national organization, have had to work more closely than ever – even though we've been physically far apart. CFC's Board of Directors has worked tirelessly over the last two years, adjusting quickly to an ever-changing environment, meeting frequently to determine how best to adapt to the impacts of the pandemic on our sector.

Despite our obstacles, we have continued to deliver on our strategic priorities. We've been successful despite the pandemic – and in some cases, we've had success because of it.

When the CPTPP was signed in 2018, CFC began a long campaign to push for the full and fair support that the government promised. Finally, they set up investment programs for the Canadian poultry and egg sectors and, as you know, we are committed now to getting the same consideration for CUSMA, and we're pressing government officials to assess new support programs.

Right now, the Poultry and Egg On-Farm Investment Program (or "PEFIP", as we call it) provides 347.3 million dollars to chicken farmers over the next ten years to offset eligible investments made in their operations. Farmers must register for this program to access the program funding. We don't have to ask for the actual funds right away, but we must all register.

There is also the Market Development Program for Turkey and Chicken which will help to enhance consumer engagement

and continue to promote Canadian-made products to Canadians. The program will help increase domestic demand and consumption of Canadian turkey and chicken products through industry-led promotional activities that differentiate Canadian products and producers from imports, and leverage Canada's reputation for high-quality and safe food.

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US IS WELL-PLACED.

The greatest stories in the world have been passed down from generation to generation, with each adding to it, making it their own, writing their own chapters by improving upon things, and making it better for generations to come.

It's much like the story of the environment.

For a long time, we have been doing our part to lessen our environmental footprint. In the last 40 years, we've lowered our carbon footprint

by 37%. We've lowered our water consumption by 45%. And compared to all other North American livestock production, our sector's environmental footprint is the smallest.

We celebrate this – and we need to celebrate it more loudly. But we also have to think ahead. It's said that we do not inherit the earth from our ancestors; we borrow it from our children.

We need to consider that plant-based proteins, and their related environmental stories, are becoming more and more popular with consumers. We outrank these foods on a nutritional level – there's no question. But where do we place in our environmental story? What's going to set us apart going forward, as the collective consciousness of the world moves from fighting the old to building the new?

The fact is, we can't rest on our laurels. Consumers won't let us. Nor will the government, which has made the environment a key priority going forward. This will be true of whichever government is in power. It's too important an issue.

A good story is a nimble one. And nimbleness has been a strength of the Canadian chicken sector, especially when it comes to allocation.

All things considered, we navigated 2020 well. When COVID hit, our entire sector worked hard to determine how to adjust production levels so that we could respond to fluctuations in our market. In 2021, our situation improved significantly. Our allocations have increased, our production has increased, our demand has increased. Our production numbers have risen by 3.6% over 2020 numbers, but for a more realistic picture, it was roughly 1.6% over 2019 levels.



BENOÎT FONTAINE  
Chair



MICHAEL LALIBERTÉ  
Executive Director

As a sector, we have a responsibility to set allocations that meet the needs of Canadians – allocations that we're able to deliver seamlessly, that are realistic, and that truly deliver. In terms of production, we're estimating that we are back at 2019 levels, with the average Canadian consuming 35.0 kg per person, cementing our position as Canada's favourite protein.

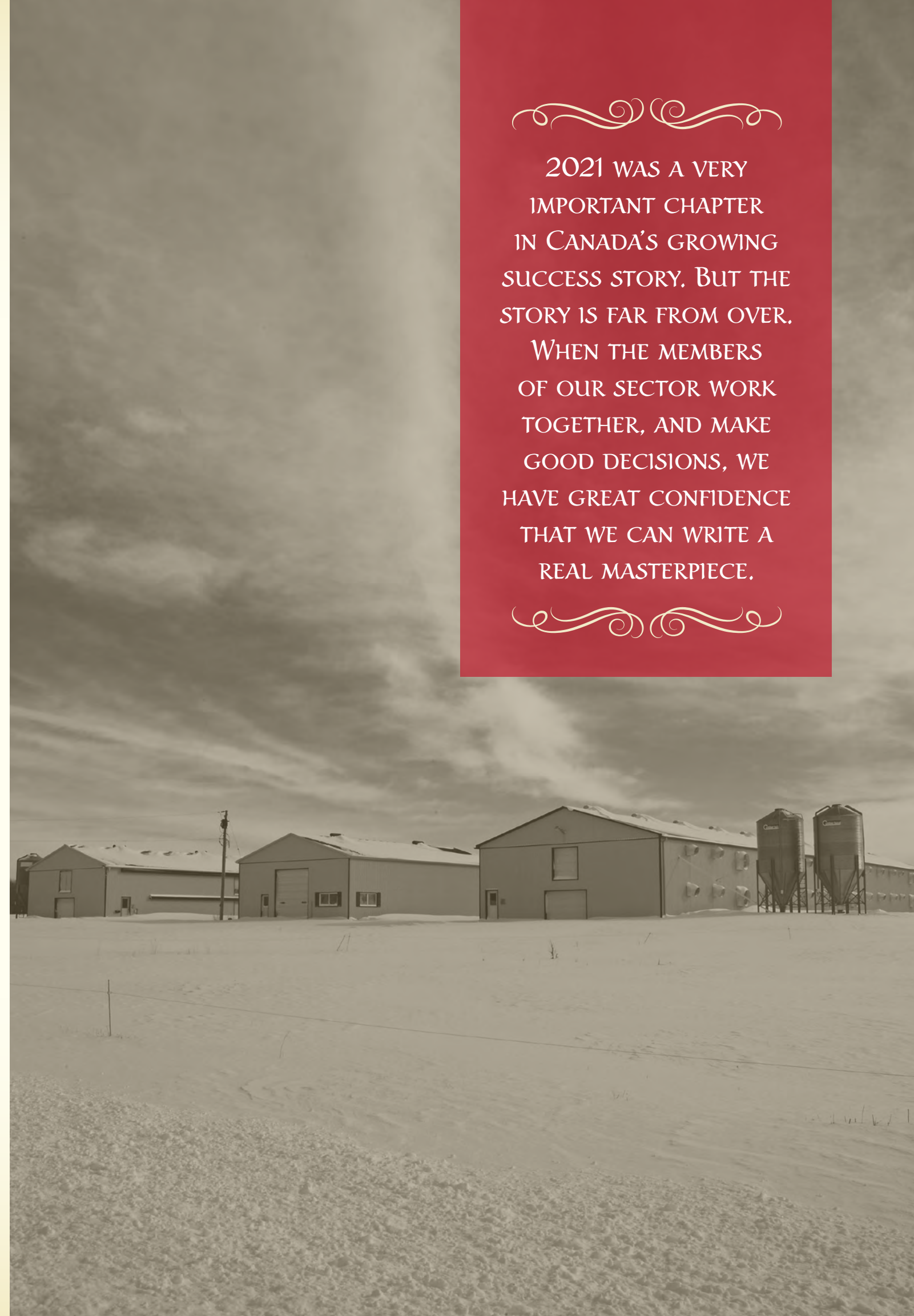
2021 was a very important chapter in Canada's growing success story. But the story is far from over. When the members of our sector work together, and make good decisions, we have great confidence that we can write a real masterpiece.

We want to thank Agriculture and Agri-Food Minister Bibeau for helping us make sure that those who raise poultry are recognized for the significant contributions they make to the Canadian economy. We will continue to work with officials on finding a way of crafting policies that will positively affect farmers by supporting their specific needs.

Throughout 2021, CFC's Directors were strong with their advocacy efforts and regularly demonstrated their commitment to the Canadian chicken sector. The Board was able to pivot repeatedly due to solid work being done at the Board level, supported by efforts of our committees and by our dedicated staff. We also want to thank the efforts of all CFC committees supporting the Board of Directors in fulfilling its responsibilities.

The Canadian chicken industry should be proud to have individuals who are so dedicated and willing to support our sector.

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BOARD OF DIRECTORS AND COMMITTEES

THE 14-MEMBER BOARD OF DIRECTORS, MADE UP OF FARMERS AND OTHER STAKEHOLDERS FROM THE CHICKEN INDUSTRY, PROVIDES LEADERSHIP ON CHICKEN FARMERS OF CANADA'S STRATEGIC PLAN AND MISSION AND HAS CHOSEN THE FOLLOWING REPRESENTATIVES:

FOR NEARLY 40 YEARS, THE CANADIAN CHICKEN INDUSTRY HAS GROWN TO UNPRECEDENTED HEIGHTS, WITH A MULTI-FACETED APPROACH TO ITS DEVELOPMENT.

- FROM LEFT TO RIGHT:
- Kerry Towle (Canadian Poultry and Egg Processors Council (CPEPC): Chicken Primary Processing (CPP))
  - Don Kilimnik (CPEPC: Poultry Further Processing)
  - Yvan Brodeur (CPEPC: CPP)
  - Barry Uyterlinde (Prince Edward Island)
  - François Cloutier (Quebec)
  - Derek Janzen (British Columbia)
  - Dennis Steinwand (Alberta)
  - Paul Dunphy (Newfoundland & Labrador)
  - Marc Cormier (New Brunswick)
  - Tim Klompaker (Ontario)
  - Paolo DiManno (Restaurants Canada)
  - Nick Langelaar (Saskatchewan)
  - Nick de Graaf (Nova Scotia)
  - Ted Froese (Manitoba)



## THE BOARD

Chair – Benoît Fontaine (Quebec)  
 Derek Janzen (British Columbia)  
 Dennis Steinwand (Alberta)  
 Nick Langelaar (Saskatchewan)  
 Ted Froese (Manitoba)  
 Tim Klompmaker (Ontario)  
 François Cloutier (Quebec)  
 Marc Cormier (New Brunswick)  
 Nick de Graaf (Nova Scotia)

Barry Uytterlinde (Prince Edward Island)  
 Paul Dunphy (Newfoundland & Labrador)  
 Yvan Brodeur (Canadian Poultry and Egg Processors Council (CPEPC): Chicken Primary Processing (CPP))  
 Kerry Towle (CPEPC: CPP)  
 Don Kilimnik (CPEPC: Poultry Further Processing)  
 Paolo DiManno (Restaurants Canada)

## COMMITTEES

### EXECUTIVE

Chair – Benoît Fontaine  
 1st Vice Chair – Nick de Graaf  
 2nd Vice Chair – Tim Klompmaker  
 Member-at-Large – Derek Janzen

### FINANCE

Chair – Barry Uytterlinde  
 Nick Langelaar  
 Dennis Steinwand

### GOVERNANCE

Chair – Dennis Steinwand  
 Don Kilimnik  
 Tim Klompmaker

### POLICY

Chair – Tim Klompmaker  
 Yvan Brodeur  
 François Cloutier  
 Marc Cormier  
 Derek Janzen

### PRODUCTION

Chair – Nick de Graaf  
 Luce Bélanger (Quebec, alternate)  
 Rick Kaptein (Ontario, alternate)  
 Lucy McKee (CPEPC: CPP, alternate)  
 Rob Van Diemen (Alberta alternate)  
 Marco Volpé (New Brunswick, alternate)

### CONSUMER RELATIONS

Chair – Paolo DiManno  
 Ted Froese  
 Ron teStroete (N.S., alternate)

### REPRESENTATIVES TO OTHER ORGANIZATIONS

**Canadian Federation of Agriculture (CFA):**  
 Nick Langelaar  
**Canadian Poultry Research Council (CPRC):** Ray Nickel (B.C. alternate)  
**National Farm Animal Care Council (NFAACC):** Nick de Graaf  
**National Farmed Animal Health and Welfare Council (NFAHW):** Luce Bélanger, Marco Volpé (January-June)

CHICKEN FARMERS OF  
 CANADA IS RESPONSIBLE FOR  
 ENSURING THAT OUR 2,823  
 FARMERS PRODUCE THE RIGHT  
 AMOUNT OF FRESH, SAFE,  
 HIGH-QUALITY CHICKEN.





# STRATEGIC PLAN



## 2021 PRIORITIES & DELIVERABLES

1  
CONSUMER TRUST

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2  
COLLABORATION

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3  
SUPPLY MANAGEMENT SYSTEM

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4  
SUSTAINABILITY

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5  
CONSUMPTION



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# GOVERNMENT RELATIONS & PUBLIC AFFAIRS

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# GOVERNMENT RELATIONS & PUBLIC AFFAIRS

## 2021 FEDERAL BUDGET

THE **2021 FEDERAL BUDGET** WAS ANNOUNCED ON APRIL 19<sup>TH</sup>, THE FIRST BUDGET RELEASED IN TWO YEARS.

For the agriculture sector, there were several areas of interest. Not only did supply-managed producers receive compensation for the CETA and CPTPP trade deals as previously announced, but the budget also laid out the plans for Canada's dairy, poultry and egg processors to receive \$292.5 million in CETA and CPTPP support. Furthermore, it states that the "Government of Canada is committed to full and fair compensation with respect to the new NAFTA."

Budget 2021 also addressed antimicrobial resistance (AMR) with the provision of \$28.6 million over five years to the Public Health Agency of Canada, Health Canada, and the

Canadian Food Inspection Agency to help prevent the inappropriate use of antimicrobials and expand the monitoring of AMR in Canada.

Finally, the budget also announced its intent to return a portion of the proceeds from the price on pollution directly to farmers in backstop jurisdictions (currently Alberta, Saskatchewan, Manitoba, and Ontario), and announced an immediate \$200 million over two years for on-farm climate action under the Agricultural Climate Solutions program, and \$10 million over two years from the Agricultural Clean Technological Program towards powering farms with clean energy.

## SPRING LOBBY DAYS

The areas of interest in the federal budget mirrored our key messages for our Lobby Day meetings. A few days after the budget was released, CFC held its Spring Lobby Days, once again conducted online due to the pandemic. The Lobby Days took place over two days, and Directors and provincial board staff met with dozens of MPs, Senators, and Ministerial staff. Our annual lobby day efforts are an integral part of CFC advocacy, generally focusing on our key issues of trade, mitigation measures, food security and spent fowl.

THE **2021 FEDERAL BUDGET** WAS ANNOUNCED ON APRIL 19<sup>TH</sup>, THE FIRST BUDGET RELEASED IN TWO YEARS.



## SWIMMING CANADA

Working alongside our long-term partners, Swimming Canada, CFC continued to promote and expand our partnership with a focus on the 2021 Olympic Games.

As the Official Protein of Swimming Canada and Canada's Swim Team, our partnership offers a chance to support swimmers directly, but also to create positive, consumer identification with fresh, Canadian chicken as a choice of a healthy lifestyle. After all, chicken fuels their performances!

Canadian swimmers performed well at both the Olympics and the Paralympics, with a haul of 14 medals between the two games! Canada's chicken farmers were cheering virtually at watch parties, supporting with fireside chats, and watching live, despite the time zone challenges. Our support also included the promotion and distribution of three new Pool Peeps for Tokyo 2021, and the creation of an Olympic advertising campaign that ran throughout the Games.

## YOUNG FARMERS

The CFC Young Farmers Program (YFP) promotes and supports young chicken farmers across Canada, giving them the tools and training to continue growing in the industry, with the long-term goal of having them play a larger role in promoting chicken farming in Canada.

Young chicken farmers from family farms across the country participate in the YFP to gain valuable experience to bolster their entry into the chicken industry and reinforce the timeless values that are the backbone of rural Canada.

In 2021, we adapted the CFC Young Farmers Program once again, as most activities remained online. Our young farmers were still able to participate in roundtables with the Minister of Agriculture and Agri-Food, meet with the Canadian Agricultural Youth Council, and meet with MPs and Senators on Lobby Day. We look forward to continuing our work with these young leaders!

YOUNG CHICKEN FARMERS FROM FAMILY FARMS ACROSS THE COUNTRY PARTICIPATE IN THE YFP TO GAIN VALUABLE EXPERIENCE TO BOLSTER THEIR ENTRY INTO THE CHICKEN INDUSTRY & REINFORCE THE TIMELESS VALUES THAT ARE THE BACKBONE OF RURAL CANADA.

## ELECTION 2021

In the lead up to the 2021 Federal Election, Chicken Farmers of Canada conducted a survey of Canadians to highlight support for the Canadian chicken sector and voter intentions. From the survey, we were able to run targeted ads and a campaign about Canadians that want food from Canada and to demonstrate their support of farmers.

The survey revealed that Canadians have farmers' backs when it comes to policy support:

**82%**

OF CANADIANS WANT THE GOVERNMENT TO CRACK DOWN ON MISLABELLED BROILER CHICKEN FROM THE U.S.

CHICKEN MEAT IS BEING FRAUDULENTLY DECLARED AS SPENT FOWL IN ORDER TO BYPASS IMPORT CONTROLS, AND THE CHICKEN SECTOR AND VOTERS ALIKE ARE CONCERNED. THIS NOT ONLY TAKES AWAY JOBS AND INCOME FROM CANADA'S CHICKEN FARMERS AND PROCESSORS, BUT ALSO PUTS CANADIAN CONSUMERS AT RISK DUE TO BROKEN FOOD CHAIN TRACEABILITY.

**79%**

WANT THE GOVERNMENT TO SUPPORT CHICKEN FARM OPERATIONS IMPACTED BY THE PANDEMIC.

**72%**

AGREE THAT THE GOVERNMENT SHOULD NOT CONCEDE ANY FURTHER ACCESS TO THE CANADIAN CHICKEN MARKET IN FUTURE TRADE AGREEMENTS AND THE SAME AMOUNT BELIEVE THAT SUPPORT PROGRAMS OR MITIGATION MEASURES SHOULD BE AVAILABLE TO FARMERS WHEN ACCESS IS GRANTED.

CFC spent the summer getting election materials ready and working with partners on outreach. The SM4 (the four national poultry agencies) met with all federal party representatives to present our asks for their party platforms, including support for supply management and no further concessions in future trade agreements.

The 2021 Federal Election was held on Monday, September 20, 2021, after 36 days of socially distanced campaigning, with more or less the same results as in 2019.

## CPTPP MITIGATION

Over the past few years, significant work has gone into ensuring that promised measures to mitigate the market impacts from the CPTPP were implemented. In April 2021, a total of \$691 million for Canada's egg and poultry farmers was announced to be deployed through two programs.

The first program directly supports egg and poultry farmers as they make ongoing improvements to their operations and enhance the long-term efficiency and sustainability of their farms. This Poultry and Egg On-Farm Investment Program will generate economic activity and investments in rural and urban communities across Canada at a time where our small businesses are hurting, and our local economies need it the most.

The second program – the Market Development Program for Turkey and Chicken – will help those sectors to enhance consumer engagement and continue to promote Canadian-made products to Canadians.

The combination of these programs will allow farmers to plan for the future, navigate the unique dynamics of our respective industries, and contribute to Canada's goals of growing our agricultural sector. Egg Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada, and Canadian Hatching Egg Producers thank The Honourable Minister Bibeau and her team for championing poultry and egg farmers.



## DAY IN THE LIFE VIDEOS

The video project saw another installment being captured in New Brunswick in 2021. The “Day in The Life” project features chicken farmers and their families from all over Canada to show Canadians who their chicken farmers really are. The project highlights the hard work farmers do every day and is a chance to educate Canadians about generational farming, our on-farm programs, and supply management.

This includes collaborating with the provincial boards to identify a farmer to profile and coordinating the shoot with their family. Look for the new episode featuring the Budd family on our website in early 2022.

## FEDERATION OF CANADIAN MUNICIPALITIES

The Federation of Canadian Municipalities (FCM) is an advocacy group that represents over 2,000 Canadian municipalities. The SM4/5 have been collaborating with FCM for a number of years now to highlight the importance of dairy, poultry and egg farms, and supply management, to urban and rural communities across our country.

In lieu of their 2021 annual conference, FCM hosted a virtual event as part of a webinar series called Collective. The virtual event aimed to provide attendees with the opportunity to connect with the latest thinking around some of the most pressing challenges in Canadian municipal life. CFC and our national poultry agency partners participated by co-hosting a webinar panel. The three areas of discussion were: (1) innovation and perseverance, (2) economic growth and (3) climate and the natural environment. The main goal was to remind participants of the benefits of supply management and how rather than looking outward for our food, a strong Canadian farming sector means we can deliver what Canadians want and enjoy, and strengthen the food security of our communities.

THE VIRTUAL EVENT AIMED TO PROVIDE ATTENDEES WITH THE OPPORTUNITY TO CONNECT WITH THE LATEST THINKING AROUND SOME OF THE MOST PRESSING CHALLENGES IN CANADIAN MUNICIPAL LIFE.

Working with FCM gave the SM4 the chance to provide the audience with an opportunity to hear from a diverse panel of experts, who each shared a unique perspective on the different ways that Canada's rural communities are thriving. In addition to this, the panel sought to:

- » Increase and maintain support for supply management among municipal leaders
- » Position supply management as a modern, innovative, and sustainable system that supports Canadians in rural and urban areas
- » Raise awareness of the SM4, as a national, credible source of information

In addition to the panel, FCM delegates were invited to a virtual farm tour (hosted by Saskatchewan farmer Tiffany Martinka) that was sponsored jointly with the other national poultry agencies.

## CFA UPDATE

The Canadian Federation of Agriculture's (CFA) AGM was hosted virtually this year on February 24–26. It brought together farm leaders from across the country as well as industry stakeholders and government representatives to help set the priorities for Canadian agriculture in the coming year. Nick Langelaar from Saskatchewan is the CFC representative to CFA.

This year's theme for the CFA AGM was "Unleashing Ag's Potential" and it took a deep dive into how Canadian agriculture is a powerful tool for Canada's recovery and an impactful ally in the fight against climate change.

During the AGM, attendees heard from political speakers, including:

- » **Marie-Claude Bibeau,**  
Minister of Agriculture and Agri-Food
- » **Erin O'Toole,**  
Leader of the Conservative Party of Canada
- » **Yves-François Blanchet,**  
Leader of the Bloc Québécois
- » **Yves Perron,**  
Bloc Québécois Agriculture Critic
- » **Alistair MacGregor,**  
NDP Agriculture Critic



The CFA held their annual summer meeting virtually on July 15-16. A full agenda included updates from CFA staff on communications activities, the Grocery Code of Conduct, the Canada Grain Act review, the Women in Agriculture project, and participants heard from the Canadian Agricultural Human Resources Council, the Dean's Council, and The Co-Operators. Other topics of interest were outreach for the anticipated federal election, the September FPT Ministers' meeting, and the UN Food Systems Summit.

The CFA executed a robust election strategy throughout the federal campaign, advocating on behalf of its members and Canadian agriculture.

Board members were encouraged to meet with local candidates and present them with CFA's election platform priorities. As in previous campaigns, CFA also hosted the Agriculture Leaders' Debate, bringing together agriculture representatives from each party to promote or defend their positions on agriculture-related subjects such as climate change, business risk management, supply management, and the Next Policy Framework.

The debate was moderated by RealAgriculture founder Shaun Haney and Martin Ménard from La Terre de Chez Nous. Participants for the debate included:

**NDP** – Incumbent BC  
MP Alistair MacGregor

**Bloc Québécois** – Incumbent Québec  
MP Yves Perron

**Conservative** – Incumbent Ontario  
MP Dave Epp

**Liberal** – Hon. Marie-Claude Bibeau,  
Minister of Agriculture & Agri-Food

To watch the recorded debate, please visit:

<https://www.youtube.com/watch?v=cE14gD9DExk> (English Debate)

<https://www.youtube.com/watch?v=EEfeEeSs74c> (French Debate)

## FPT AND NEXT POLICY FRAMEWORK

The Federal-Provincial-Territorial agriculture ministers met for their annual meeting in early November, and the priority this time around was determining the path forward for the Next Policy Framework. This five-year framework determines the principles, objectives, and priorities in agriculture across the country, while evolving to help the sector adapt to ongoing volatility, risk, and the changing preferences of Canadian consumers.

The CFA Executive Committee presented to ministers at the meeting and there was much alignment between government and industry on the importance of ecological goods and services programming, collaboration and science in support of environmental targets, triple bottom line sustainability and the need for strong risk management programming to support the sector.

# COLLABORATION



# COLLABORATION



CFC ACTIVELY WORKS WITH STAKEHOLDERS TO ENSURE THE ONGOING STRENGTH, STABILITY, AND SUSTAINABILITY OF THE NATION'S CHICKEN SECTOR. THE BASIS OF THIS COMMITMENT IS CENTERED AROUND MEANINGFUL COLLABORATION AND BRINGS STAKEHOLDERS TOGETHER TO GAIN ALIGNMENT ON INDUSTRY MATTERS THAT ARE IMPORTANT TO ALL.

 Since the outbreak of COVID, it became even more important to continue to grow our collaborative relationships with our provincial boards and other sector partners, including the Canadian Poultry and Egg Processors Council (CPEPC) and Farm Products Council of Canada (FPCC). Renewed efforts were made to maintain and retain our intense collaboration between our sector and government partners, organizations, and institutions for everyone to play their part and get the Canadian chicken industry back on track toward success.

Over the course of 2021, when COVID restrictions permitted some travel to resume, CFC met with each of provincial boards to lay out current national priorities and learn about provincial priorities. They also discussed key issues facing CFC (allocation, animal welfare, AMR/AMU, and others) and key stakeholder priorities. Where possible, the meetings were held in person.

In addition, CFC established a goal of meeting annually with industry stakeholders, including CPEPC, FPPAC, Restaurants Canada, and FPCC to present the organization's annual strategic priorities. Other stakeholders, such as government agencies and the other national supply-managed groups are met with as needed.

Most of these were held virtually in 2021. Topics covered in stakeholder meetings included allocation, animal welfare, and the above-mentioned strategic priorities.

There is also a need to make sure CFC and the Canadian Hatching Egg Producers (CHEP) are aligned so semi-annual meetings were scheduled and CFC representatives (elected and staff) attended CHEP meetings.

## THE CHICKEN INDUSTRY VALUE CHAIN

We have always strived for a balance between being deliberate in our actions and flexible in our implementation. And that speaks to the collaborative spirit we have spent a great deal of extra effort cultivating over the last year.

That commitment on collaboration is why we have been able to, despite the pandemic, have several in-person meetings with provincial boards over the last year. You told us that you needed more of our time – and we're committed to giving it to you. It's important for us to have meaningful collaboration with our provincial boards, and our partners throughout the value chain, so that we can align on those issues that matter to us.



## STRATEGIC PLAN MOVING TO SHORTER TERM

CFC has a vision to be consumers' preferred and trusted protein. We have had, as our objective, to lead and grow a sustainable Canadian chicken industry, while strengthening trust and enhancing value for Canadians.

Those values are wrapped in our current strategic plan. Now, though, as we find ourselves dealing with new issues, competing priorities, and an ever-changing slate of concerns, we realize that we need to speed up to keep up.

That's why CFC is moving from a five-year strategic plan to a three-year plan. We feel that five years is just too long. We need to continue to be nimble if we're going to deliver on consumer and sector expectations.

Over the course of 2022, CFC will develop a new and robust three-year strategic plan that will assess where we've been, and where we need to go. We look forward to forging the path forward for the Canadian chicken sector.



WE BELIEVE THAT  
'NOBODY GETS THERE  
UNLESS EVERYBODY  
GETS THERE', AND  
THAT 'NONE OF US  
IS AS SMART AS  
ALL OF US.' THIS  
HAS ALLOWED US  
TO DEMONSTRATE  
FLEXIBILITY AND  
NIMBLENESS IN  
ALLOCATION SETTING.



# OPERATING AGREEMENT & ALLOCATION

# OPERATING AGREEMENT & ALLOCATION

CFC SET SEVEN ALLOCATIONS IN 2021 (PERIODS A-168 TO A-175). COVID AND ITS IMPACT ON ALL ASPECTS OF THE MARKETPLACE CONTINUED TO DOMINATE DISCUSSIONS AROUND SETTING APPROPRIATE PRODUCTION VOLUMES. ALLOCATIONS WERE SET ONE AT THE TIME, AND THE BOARD AGREED TO KEEP FOLLOWING THIS SCHEDULE FOR MOST OF 2022 AND ASSESS IN THE FALL OF 2022 WHETHER MARKETS HAVE STABILIZED ENOUGH TO REVERT TO SETTING ALLOCATION FOR TWO PERIODS AT THE SAME MEETING.

**I**n the first week of January, the Board reduced the allocation for period A-168 (February 14 – April 10, 2021) that had been set in December 2020 at 2½% below base to 3½% below base because of a high number of COVID cases, high absenteeism at plants impacting operations, and difficult market conditions. One week later, the Board supported a request from Ontario to further reduce its allocation for the period to 8% below base, resulting in a national allocation that was 5.2% lower than domestic production in the same weeks the year prior.

The allocation for the following period (A-169, April 11 – June 5, 2021) was set a few weeks later at 2% below base or 2.8% lower than domestic production during the same weeks of 2020. Positive developments in the situation around COVID in the following months, supported by the cautious reopening of the food service sector, resulted in more optimistic allocations for the remainder of 2021.

The allocation for period A-170 (June 6 – July 31, 2021) was established at 1¾% above base nationally on March 24, representing a 14.5% increase over domestic production in the same weeks of 2020 when production was significantly reduced during the first few months of the pandemic, and 3.6% higher than domestic production in the corresponding period of 2019.

Allocation for the next period, A-171 (August 1 – September 25, 2021), was set at 3% above base nationally in early May, 10.2% and 3.5% higher than domestic production in the same weeks of 2020 and 2019, respectively. Continued reopening of the food service sector across Canada, the gradual vaccine rollout, and strong demand for all meat proteins were the main drivers for optimism around the Board table.

Market conditions in the following weeks continued to strengthen as demonstrated by record-high wholesale prices, decreasing storage stocks, and accelerated use of import quota (TRQ), which prompted the Board to





increase the allocation for period A-171 to 4½% above base nationally on June 16.

Directors returned to the table one week later to discuss the allocation for period A-172 (September 26 – November 20, 2021). With market conditions unchanged from the week before, Directors decided on an allocation at

THE PURPOSE OF THIS WORKING GROUP IS TO SUPPORT THE MANDATE IN THE CFC STRATEGIC PLAN TOWARDS THE GOAL OF IMPROVING THE EFFECTIVENESS OF THE ALLOCATION SYSTEM BY PROVIDING AN ADDITIONAL LAYER OF DISCUSSION AND ANALYSIS IN SETTING PERIODIC ALLOCATIONS ON AN AGREED SET OF MARKET FACTORS.

6½% above base nationally which required some creative manoeuvring around the AGR and allocation parameters of the Operating Agreement. This allocation represented a planned increase of 6.1% and 3.8% compared to domestic allocation in the same weeks of 2020 and 2019. A request to reconsider and increase the allocation received in late July did not receive enough support.

On August 10, Directors set the allocation for period A-173 (November 21, 2021 – January 15, 2022) at 5% above base nationally, signifying a 3.8% and 3.9% increase over domestic production during the same weeks of 2020-21 and 2019-20. Two weeks later, the allocation was reduced to 4% above base

nationally when revised TRQ data showed lower utilization and higher availability for the remainder of 2021 than when the Board made the original allocation decision.

Late September, the allocation for period A-174, the first period of 2022 (January 16 – March 12, 2022) was set at 4½% above base, translating into a volume 2.3% and 1.6% higher than domestic production during the same timeframe one and two years prior.

The Board set the base allocations for the A-175 to A-180 block of periods in November and established the medium-term growth target for the same block of periods at +2½% relative to the base allocation for these periods.

At the second last meeting of the year in early December, which was held in hybrid format with most Directors attending in person and some Directors and most observers attending online, Directors set the allocation for period

A-175 (March 13 – May 7, 2022) at 2½% above base, 8.5% and 2.8% higher than in the corresponding weeks of the year before and two years prior.

An emergency Board meeting was convened on December 28 to discuss CPEPC's request for a reconsideration of the allocation for period A-174 in response to the growing number of COVID cases because of the highly contagious Omicron variant and the potential impact on labour availability and processing capacity in the coming weeks, especially in Central Canada. After a thorough discussion, the Board did not support a re-opening of the allocation.

Following discussions between CFC, CPEPC and FPCC, CFC agreed to the establishment of a Market Information Working Group (MIWG). The purpose of this working group is to support the mandate in the CFC strategic plan towards the goal of improving the effectiveness of the allocation system by providing an additional layer of discussion and analysis in setting periodic allocations on an agreed set of market factors. In late 2021, Directors agreed on the terms of reference for the working group and work is scheduled to commence in early 2022.

All provinces in Atlantic Canada, except for Prince Edward Island, received kilograms under the Atlantic Canada Safeguard Agreement (ACSA) provision in most of the 2021 allocations that were set above base. The last signatory signed the ACSA addendum to the Operating Agreement and this concluded the process of incorporating the ACSA into the Operating Agreement that was started in 2018.

In 2020, the Board agreed to a recovery framework that would allow the provinces in Central and Eastern Canada to grow the kilograms they weren't allocated because of the regional allocation approach in periods A-163 and A-164 once markets had recovered. The framework was fine-tuned over the course of the year and finalized in September 2021. The recovery of a total of 5.3 Mkg is scheduled to occur over a minimum of eighteen allocation periods, starting with period A-174.

The highly volatile markets in most of 2020 and 2021 and the associated last minute allocation adjustments resulted in higher than usual under and overproduction of allocations and the decision to exclude the corresponding audit periods from the calculation of the allocation formula's quota utilization component. The Board decided to temporarily suspend the quota utilization component until a new and recent data set of six audit periods is available.

The Board agreed on a set of guidelines to ensure there is consistent reporting on chicken production destined for food bank donations or research projects.

Development of the small-scale farmers policy was scheduled to resume in 2021 but was put on hold as other allocation issues took priority. Work is expected to recommence in 2022.

In late December 2020, CPEPC, the Association of Ontario Chicken Processors (AOCP), the Conseil Québécois de la transformation de la volaille (CQTV), and many processors initiated an application for Judicial Review of Farm Product Council of Canada's (FPCC) decision dated November 19, 2020 regarding the approval of CFC's proposed amendments to the Canadian Chicken Marketing Quota Regulations for period A-167. CFC joined as a respondent and several provinces joined as interveners in this case.

Almost a year later, FPCC and CPEPC reached an out of court settlement and CPEPC filed for discontinuance. As part of the settlement, FPCC agreed that it may consider a number of factors relevant to market conditions when reviewing a quota allocation order and supporting rationale. FPCC also committed to providing additional written reasons in respect of a decision made regarding a quota allocation on the request of a stakeholder directly affected by FPCC's decision.

As in previous years, CFC participated in three Canadian Hatching Egg Producers' (CHEP) advisory committee meetings. These meetings take place in March, July, and November. The committee's mandate is to advise the CHEP Board of Directors on expected demand for chicken in the next 1-2 years and the production required to meet that demand, helping CHEP in producing the right number of hatching eggs for the Canadian market. The committee recommended an increase in allocation for 2021 compared to the 2020 reduced production and additional increases for 2022.



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INTERNATIONAL  
TRADE &  
IMPORTS

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# INTERNATIONAL TRADE AND IMPORTS

## WORLD TRADE ORGANIZATION (WTO)

UNDER THE GUIDANCE OF ITS NEW DIRECTOR GENERAL, DR. NGOZI OKONJO-IWEALA, THE WTO HAS BEEN FLUSH WITH FRESH ENERGY. HOWEVER, IT WAS FORCED TO POSTPONE ITS 12TH MINISTERIAL CONFERENCE (MC12), DUE TO BE HELD AT THE END OF NOVEMBER 2021, AS THE OMICRON VARIANT WAS BEGINNING TO AFFECT AIR TRAVEL AND MANY COUNTRIES WOULD BE UNABLE TO SEND THEIR DELEGATES. THIS WAS THE SECOND TIME MC12 HAD BEEN POSTPONED; IT WAS ORIGINALLY TO BE HELD IN KAZAKHSTAN IN JUNE 2020. TYPICALLY, WTO MINISTERIAL MEETINGS ARE HELD EVERY TWO YEARS, BUT THERE HAS NOT BEEN ONE SINCE 2017 DUE TO THE COVID PANDEMIC.

The WTO Agriculture Negotiations Committee reengaged with some vigour this year. A new draft text circulated on July 29 by the Committee's Chair, Ambassador Gloria Abraham Peralta, was to be a working document that, up to and during the ministerial, WTO members would develop into a final text. A revised draft text was circulated on November 23 to serve as the basis for a work program that would guide negotiations towards the development of possible outcomes to be considered at the next and 13<sup>th</sup> ministerial meeting.

Ambassador Peralta's draft represents her best efforts to identify potential broad "landing zones" for ministers to consider regarding key agricultural issues including market access, domestic support, the special safeguard mechanism, and export competition. While all these issues are of importance to the Canadian supply management sectors, of greatest concern are the proposals outlined in the market access section, where the Chair reminded WTO members that the goal of this negotiation is to

reduce the level of protection nations provide to some of their domestic sectors, while increasing market access opportunities for exports.

Agriculture is only one pillar of the WTO negotiations, and the organization's overall progress will also be gauged on what is accomplished in other areas, such as non-agricultural market access, fisheries, and intellectual property, as well as on the resolution of the blockage of its dispute settlement mechanism, which has long been stymied. Nonetheless, the impact of the proposals put forward in the Agriculture Chair's text could have significant impact on the supply management sectors.

CFC staff are working with their supply-managed counterparts to ensure that our concerns are made clear to the Canadian trade officials who are engaged in the Geneva-based discussions, and that those officials have all the information and strategic advice required to ensure that Canada's tariff rate quotas and over quota tariffs will be safeguarded at their existing levels.

## MERCOSUR UPDATE

As a result of the pandemic, formal trade negotiations between Canada and Mercosur have been mostly on hold since the last meeting scheduled (Round 8 which was to be held in Brasilia in March 2020) was cancelled. Technical engagement is only happening on non-contentious issues until face-to-face meetings can resume. CFC continues to pay careful attention to these trade talks as Mercosur includes Brazil, the world's largest exporter of chicken.

In 2021, Brazil represented nearly one third of global exports (4.055 billion kg of exports (Bkg) from Brazil out of the 12.996 Bkg that were on the international market). Brazil continues to be the world's largest chicken exporter, the U.S. is 2nd (3.421 Bkg), the European Union (E.U.) is 3rd (1.775 Bkg) and Thailand is 4th (990 Mkg). In addition, Argentina, another country in Mercosur, has ramped up chicken production and exports. Argentinian exports of chicken meat in 2022 are projected to increase 20% to 180 Mkg.

## CANADA - UNITED STATES - MEXICO AGREEMENT (CUSMA)

Negotiations with the Federal Government on the CUSMA mitigation programs were top of mind in 2021 and look to resume early in 2022. We appreciate the announcement of mitigation funding to offset the impact of market losses from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and we look forward to working with officials to assess CUSMA support measures.

## ONGOING TRADE NEGOTIATIONS

The Canadian government has been engaged in a few new and ongoing trade negotiations with various trade partners.

A new bilateral agreement is being discussed with the United Kingdom (UK) to replace last year's Canada-UK Trade Continuity

Agreement, the transitional trade agreement that was put in place following the UK's departure from the E.U. and consequently the Comprehensive Economic and Trade Agreement (CETA), the free trade agreement between Canada and the EU. The official bilateral negotiations with the UK included a public and industry consultation process.

CFC STAFF ARE WORKING WITH THEIR SUPPLY-MANAGED COUNTERPARTS TO ENSURE THAT OUR CONCERNS ARE MADE CLEAR TO THE CANADIAN TRADE OFFICIALS WHO ARE ENGAGED IN THE GENEVA-BASED DISCUSSIONS.

The ongoing Canada-ASEAN Free Trade Agreement (FTA) negotiations, launched on November 16, 2021, are an effort to make economic inroads in the Indo-Pacific region beyond the list of nations covered by the CPTPP. ASEAN members (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) include several that have already gained access into Canada's market by virtue of being members of the CPTPP. Nonetheless, CFC's main concerns rest with Thailand, which is the world's fourth largest chicken exporter.

This year, Canada also launched the negotiation of a Comprehensive Economic Partnership Agreement (CEPA) with Indonesia and reinvigorated its languishing trade talks with India.



CFC does not oppose Canada engaging in trade negotiations as long as it maintains its tariff rate quota and over-quota tariffs at current levels, as these are vital to the integrity of supply management's import control pillar.

## COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP (CPTPP) ACCESSION TALKS

When the CPTPP was negotiated, it was done so with the eventual expansion of its membership in mind. Although it is now only in the fourth year of its implementation, the agreement has already attracted interest from a handful of potential new members, some of which are being more readily received than others.

In February this year, the UK submitted its official request to join the CPTPP. The formal negotiations of its possible accession to the trade pact began at the end of September, and trade observers anticipate that an agreement on the terms the UK will face to join could be reached at the earliest by the end of 2022.

On September 16 and 22, both China and Taiwan respectively submitted their official requests to join the partnership. Not only does this situation bring the contentious issue of Taiwan's status as a nation independent of China into the CPTPP forum, but it has also fuelled speculation over whether China's application will prompt the United States to reconsider the decision it made under the Trump Administration to leave the agreement. Although CPTPP members have not yet officially responded to accession requests from China and Taiwan, most reports indicate a very low level of interest.

Thailand, the Philippines, South Korea, and Indonesia have also made statements regarding their interest in joining the CPTPP; however, none have formally tabled any official requests to accede. Of the agreement's original 11 members, Brunei, Malaysia, and Chile have still not finalized their ratification

processes. Chile, which is of particular interest due to its chicken exporting capacity, is currently engaged in the re-writing of its constitution. This new constitution is expected to be submitted to a referendum in 2022.

CFC does not oppose the accession of new countries to the CPTPP. However, it is imperative that Canada does not concede any additional access or reduce any over-quota tariffs during potential accession negotiations. New CPTPP members must be satisfied to share the existing access with all existing and any additional future members.

## CPTPP TRADE MITIGATION PROGRAMS

Registration has begun for Agriculture and Agri-Food Canada's Poultry and Egg On-Farm Investment Program (PEFIP), which was put in place to assist Canadian poultry and egg producers adjust to the market access losses incurred during the negotiation of the CPTPP.

Over ten years, the PEFIP will provide \$347.3 million to chicken producers to

CFC DOES NOT OPPOSE CANADA ENGAGING IN TRADE NEGOTIATIONS AS LONG AS IT MAINTAINS ITS TARIFF RATE QUOTA AND OVER-QUOTA TARIFFS AT CURRENT LEVELS, AS THESE ARE VITAL TO THE INTEGRITY OF SUPPLY MANAGEMENT'S IMPORT CONTROL PILLAR.

offset eligible investments made in their operations. Eligible producers are allocated a share of the program's funding based on their share of provincial quota or production on January 1, 2021, as identified by their respective provincial marketing board. Program applicants are able to determine their maximum funding amount by registering with the PEFIP's online system: the PEFIPOS.

Eligible on-farm investments must increase efficiency or productivity, improve on-farm food safety and biosecurity, improve environmental sustainability, and/or respond to consumer preferences, such as improving animal welfare, adopting alternative housing systems, or transitioning to organic production.

Each applicant has the flexibility to determine how to use their individual funding amount over the ten years of the program so long as all project applications are submitted by March 31, 2030, and all project activities are completed by March 31, 2031.

## UNITED NATIONS FOOD SYSTEM SUMMIT

After 18 months of preparation and thousands of multi-level consultations, the United Nations Food System Summit (UN FSS) finally took place in New York City on September 23 and 24. The one-and-a-half-day summit served as a platform for UN member states and civil society organizations to weigh-in and present their commitments to making food systems work for people, planet and prosperity.

Driving the summit was not only the global commitment to delivering on the UN's Sustainable Development Goals (SDGs) by 2030 but also the ongoing COVID pandemic, which has highlighted the vulnerabilities of global, regional, and local food systems and driven millions of people into poverty, and towards starvation. The summit challenged participants to confront the challenges of balancing food production with climate change mitigation, affordable food with

access to healthy diets, and stable local food supplies with fair and rules-based trade. One after another, speakers argued that equitable, resilient and ecologically sound food systems are key to winning the fight against poverty and hunger thanks to their ability to create good jobs, improve access to food, and support healthy communities.

Canadian government representatives heralded Canada's commitment to rules – and science-based trade as well as to partnering with youth, women and indigenous groups to address inequities of food insecurity in Canada. Her Excellency Alexandra Bugaliskis, Canada's Permanent Representative to the FAO, WFP and IFAD, proudly spoke to how Canadian livestock producers, who are already global leaders in the sustainable, low greenhouse gas emitting production of protein, have committed to further reducing their environmental footprint and strengthening their social and economic contributions through their sustainability assurance programs.

Canada and its fellow UN members are now working on their national pathway submissions that will reflect not only their commitments to action, but the steps they intend to pursue in order to reach their stated goals. These national pathway documents will serve as a key references and guides for the global stock-taking meetings that will be convened every two years going forward to hold stakeholders accountable and ensure that progress is being made towards the achievement of the SDGs by 2030.

## TRQ ALLOCATION

### 2021 TRQ ALLOCATION

WTO imports represented a total of 41.2 Mkg, which exceeded Canada's commitment by 1.3 Mkg due to the issuance of supplementary imports-to-compete. From the global TRQ allocation, 2.1 Mkg was not utilized, but 3.4 Mkg of supplementary import-to-compete allocations were issued to result the imports exceeding the TRQ. It is hoped that the new TRQ allocation methodology will address the issuance of supplementary imports which limits our contribution to Canada's economy.



For the CUSMA TRQ, 48.3 Mkg was imported under a 49 Mkg TRQ in 2021. Lastly, despite the very limited members of the CPTPP in a position to export chicken to Canada, 0.5 Mkg was imported from Mexico out of 15.7 Mkg TRQ.

Due to COVID-related disruptions, Global Affairs Canada decided to waive the penalties for under-utilisation again in 2021. GAC has also postponed the implementation of a new allocation methodology until 2023 and the interim methodology is being extended into 2022 to distribute chicken TRQ amongst different groups of import quota holders.

## DUTIES RELIEF PROGRAM

The Canadian Border Services Agency's Duty Relief Program (DRP) allows Canadian companies to import goods without having to pay the relevant customs tariffs. It is designed for the manufacturing sector and does not provide sufficient safeguards against potential leakages into the domestic market when chicken is imported into Canada for further processing and subsequent re-export. Particularly, the ability to marinate, substitute, and hold imports for four years before re-export can result in damaging distortions to the domestic market.

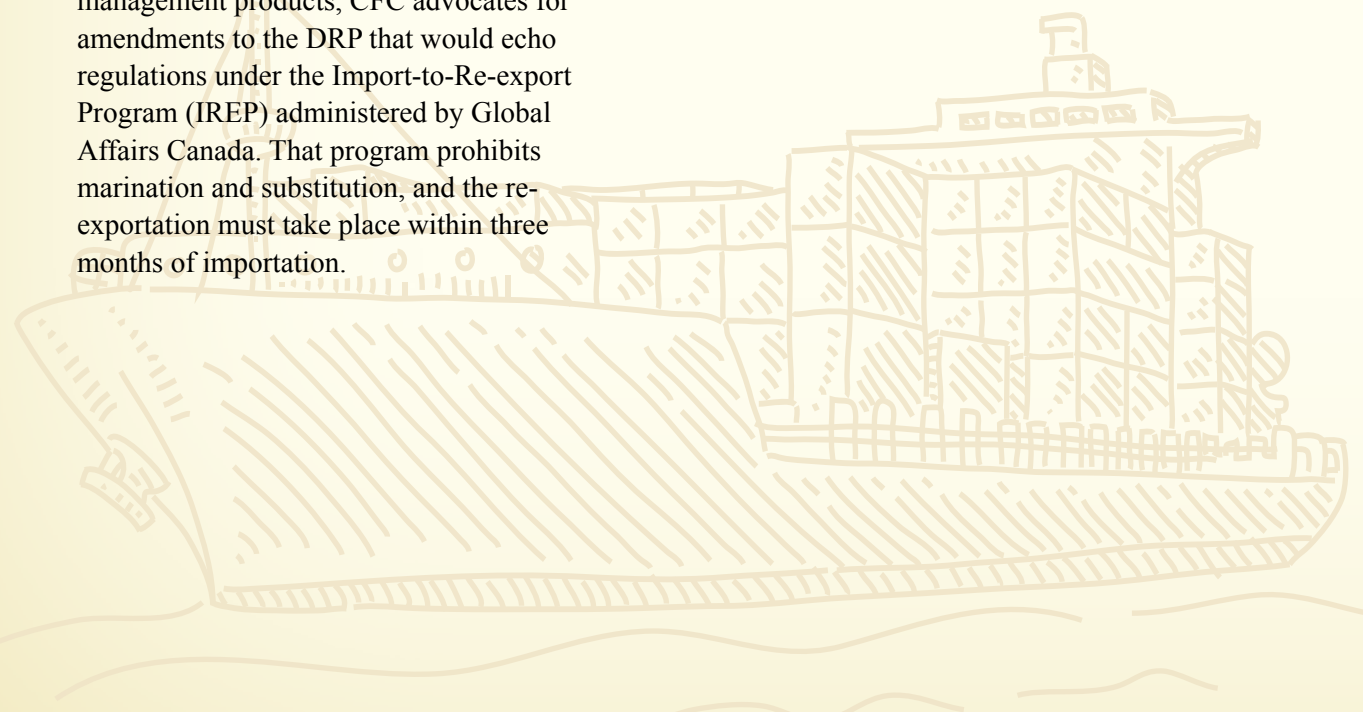
As it applies to chicken and other supply management products, CFC advocates for amendments to the DRP that would echo regulations under the Import-to-Re-export Program (IREP) administered by Global Affairs Canada. That program prohibits marination and substitution, and the re-exportation must take place within three months of importation.

## SPENT FOWL

In January 2021, the Canada Border Services Agency (CBSA) released its verification priorities for 2021. Spent fowl imports were at the top of this list with the Agency acknowledging that some imports had been incorrectly classified as spent fowl instead of being properly classified as chicken meat.

The CBSA first took action on this issue in 2017, and in November 2019, it reported that its first round of verifications had uncovered a significant non-compliance rate of 44% and resulted in the assessment of \$178 million in previously unpaid duties. The Agency's verifications coincided with a slight decrease in spent fowl imports, potentially signalling that their efforts were dissuading fraudulent activity. However, since this first round of verifications concluded, there has been a significant increase in spent fowl imports, with 88 and 85 million kilograms imported in 2019 and 2020 respectively, up from the 81 Mkg imported in 2017. The imported volume decreased to 72 Mkg in 2021, due to a shortage of spent fowl on the U.S. market as a result of the pandemic.

A second round of spent fowl import verifications was launched in May 2020, during which the CBSA has targeted 53 spent fowl importers. The results of this round of verifications are forthcoming.



# FOOD SAFETY

# FOOD SAFETY

THE *RAISED BY A CANADIAN FARMER* ON-FARM FOOD SAFETY PROGRAM IS HACCP-BASED AND HAS BEEN DEVELOPED TO MEET AND EXCEED THE STANDARDS DEVELOPED BY THE CANADIAN FOOD INSPECTION AGENCY (CFIA) AND THE FEDERAL, PROVINCIAL, AND TERRITORIAL GOVERNMENTS (FPT). HACCP IS SHORT FOR HAZARD ANALYSIS CRITICAL CONTROL POINTS AND IS AN INTERNATIONALLY RECOGNIZED APPROACH TO IDENTIFYING AND CONTROLLING FOOD SAFETY HAZARDS DURING PRODUCTION.

**C**ontinuous improvement to the mandatory program is integral to CFC's *Raised by a Canadian Farmer* On-Farm Food Safety Program – it's the reason the food safety program is in its 6th edition.

The *Raised by a Canadian Farmer* On-Farm Food Safety Program (OFFSP) is a huge part of the brand. In fact, the OFFSP is an essential tool for farmers to provide confidence to consumers about the way their food has been produced, therefore giving strength to the success of the brand.

The brand gives farmers and our industry partners recognizable signs to show the innovation, pride, and hard work they put in every day to implement some of the highest standards in food safety (and animal care), and it proudly confirms their commitment to keeping their work environmentally, economically, and socially sustainable.

As an ongoing part of maintaining high standards in the industry, a new version of the OFFSP manual was released in 2021. The new manual is the result of several years of industry consultation and research on best practices. Maintaining government recognition involves ongoing oversight and audits to ensure compliance with the FPT standards.

Therefore, as a final step before implementing the new OFFSP manual, CFIA reviewed all changes and verified that they meet government recognition requirements.

In this new version, changes have been designed to harmonize with current regulations, to clarify existing requirements, to provide greater flexibility for washing, disinfection, and downtime, and to reduce duplication. Key changes are highlighted in this **Chicken Farmer newsletter**. There is also a **video** detailing the changes.

The new manual and associated record forms are provided to farmers through their provincial boards. Additionally, links are included **here** to all the materials so that they are easily accessible for reference. These were all posted and distributed in time for the January 1, 2022 implementation date.

## PATHOGEN REDUCTION INITIATIVE

The OFFSP remains the cornerstone of chicken farmers' strategy for pathogen reduction and all members of the Canadian chicken supply chain have been focused on this important issue. The Public Health Agency of Canada presented encouraging



results in 2021, showing that there has been a 59% reduction in the number of human illnesses due to *Salmonella enteritidis* compared to 2017 baseline figures.

CFC is taking additional steps to tackle this important issue and one big area of work for 2021 was completing a baseline prevalence survey of *Salmonella Enteritidis* (SE) on farms across Canada.

The main objective of this baseline survey was to determine the ongoing monitoring and mitigation needs that are appropriate for Canadian chicken farms in the future. With the coordinated effort of all provincial boards, samples were collected in all provinces. Despite delays due to COVID, the surveillance project was able to wrap-up in the Fall of 2021.

Due to the low prevalence of *Salmonella Enteritidis* (SE) that was found (6%), it was determined that serovar-specific control measures are not appropriate. A multi-pronged approach to Salmonella control is needed and CFC will continue working with government and industry partners to find ways to tackle this critical issue.

Another key focus for pathogen reduction is the promotion of education materials and resources to farmers, as well as food safety messaging to consumers. To this end, CFC continues to add content to and promote the **Farmer Resource Portal** on the chickenfarmers.ca website. Through

the Portal, farmers have been gaining further access to information and resources which are applicable to both reduced antimicrobial use and overall pathogen reduction. These are for farmers from coast to coast but can be adapted based on individual farm circumstances.

As a component of the consumer relations action plan, food safety messaging was included on social media posts throughout the year, in content from our Brand ambassadors, in the consumer newsletter distributed each month to over 130,000 subscribers, and in each of the recipes featured on chicken.ca.

## ANTIMICROBIAL USE STRATEGY (AMU)

While CFC supports the responsible use of antimicrobials (also known as antibiotics) in both animal and human medicine, we are researching ways to control, monitor and reduce their use on-farm through our antimicrobial use (AMU) strategy. Canada's chicken farmers continue to evolve their production practices in response to consumer preferences, and they're clear: Canadians want to know where their food comes from, how it's raised, and what goes into it.

Part of the debate surrounding what goes into food is the question of medicine usage on the farm. CFC has implemented a stepwise approach to eliminating the preventive use of antimicrobials of human

importance (Category I-III) in response to the threat that antimicrobial resistance (AMR) presents. CFC's strategy recognizes the importance of responsible antimicrobial use in animal agriculture and is focused solely on eliminating the preventive use of antimicrobials of importance to humans. The strategy maintains the use of antimicrobials for treatment, the preventive use of ionophores, and the use of chemical coccidiostats.

The success of CFC's AMU strategy to date can be measured by the reduction in AMR after Category I and II preventive uses were eliminated. This success has been reported on by the Public Health Agency of Canada's CIPARS (Canadian Program for Antimicrobial Resistance Surveillance) surveillance program – revealing that the industry reduction efforts have positively impacted a lower level of AMR in targeted bacteria.

A major focus for the AMU strategy in 2021 was the dissemination of information and resources to farmers about how to successfully raise birds in a reduced antimicrobial environment. To this end, CFC continued adding content to and promoting the Farmer Resource Portal throughout 2021.

The Portal was designed to be a hub of information for practical, on-farm strategies for flock management. The Portal includes updates on the CFC AMU strategy, brooding, feed and water management, necrotic enteritis and coccidiosis, flock and environmental monitoring, and on pathogen reduction. There are currently 60 articles spread across these six different categories, including videos, podcasts, case studies, traditional articles, links to various other websites and resources, as well as examples of the consumer messages that CFC puts out about AMU and pathogen reduction.

Throughout 2021 CFC also continued to assess the next step in the AMU reduction strategy – phasing out the preventive use of Category III antimicrobials. The success of the strategy has been based on taking a responsible approach to ensure animal welfare and sustainability, and these currently remain unresolved.

While the strategy remains a key priority for the Canadian chicken sector, the

realities of the pandemic have resulted in the postponement of key meetings between important partners and resuming these is a key focus for 2022. Achieving the goal of eliminating the preventive use of Category III antimicrobials requires strong collaboration and planning, which will be the focus of further consultation with industry.

For continued progress on the strategy, CFC has been working with federal government departments to ensure Canadian farmers have the same access to vaccines, feed additives and water products with the same labelling as international markets. This initiative continues, in conjunction with other national trade associations, to provide Canadian farmers the ability to be competitive and the opportunity to use a variety of products to meet the goals of the AMU strategy.



CFC IS TAKING ADDITIONAL STEPS TO TACKLE THIS IMPORTANT ISSUE AND ONE BIG AREA OF WORK FOR 2021 WAS COMPLETING A BASELINE PREVALENCE SURVEY OF SALMONELLA ENTERITIDIS ON FARMS ACROSS CANADA.





ANIMAL CARE,  
SUSTAINABILITY,  
AND POULTRY  
RESEARCH

# ANIMAL CARE, SUSTAINABILITY, AND POULTRY RESEARCH

THE RAISED BY A CANADIAN FARMER ANIMAL CARE PROGRAM HAS BEEN IN PLACE SINCE 2009. THE LATEST VERSION OF THE PROGRAM (2019) CONTINUES TO BE IMPLEMENTED ON ALL 2,823 CHICKEN FARMS ACROSS THE COUNTRY – IT REMAINS THE ONLY PROGRAM THAT IS CAPABLE OF THIS REACH.

**P**eople care deeply about their food, knowing where it comes from and how it was raised, and our farmers and their families are no different. The *Raised by a Canadian Farmer* Animal Care Program is a clear demonstration of our commitment to animal care.

## THIRD PARTY AUDITS

Every year, third party audits are conducted by NSF International at the national office and at three to four provincial board offices, as well as on a sample of farms in every province, and on CFC's on-farm auditors. On-farm witness audits continued to present a challenge in 2021 and an alternative method of doing third party on-farm assessments was evaluated. A pilot project was developed with NSF last year to test their EyeSucceed® system, a wireless headset incorporating a camera and two-way audio, for virtual auditing on-farm. Unfortunately, due to the nature of on-farm audits, this technology was not a suitable replacement for on-farm third-party audits conducted in-person. A return to on-farm witness audits is a top priority for 2022.

OUR PROGRAM HAS CREDIBLE FOUNDATIONS AS IT'S BASED ON THE CODE OF PRACTICE AND HAS BEEN RECOGNIZED BY THE NATIONAL FARM ANIMAL CARE COUNCIL (NFACC)

OUR PROGRAM ENSURES ACCOUNTABILITY ON EVERY FARM BY INCLUDING ANNUAL FARM AUDITS AS WELL AS THIRD-PARTY AUDITS

OUR PROGRAM IS MANDATORY IN ALL 10 PROVINCES, ENSURING PARTICIPATION AND COMPLIANCE FROM ALL FARMERS

OUR PROGRAM HAS STRICT ENFORCEMENT MEASURES IN CASES OF NON-COMPLIANCE

OUR PROGRAM IS REVIEWED REGULARLY AND IS CONTINUOUSLY IMPROVING AND EVOLVING AS WE LEARN

Despite these challenges, effective oversight of the program did continue through office audits of four provincial boards (PEI, NL, BC, NS) as well as CFC. NSF's final report indicates:

*“Commitment and compliance at the national office and the provincial office was evident. Based on the national and provincial office audits which include an assessment of the management of the CFC's On-Farm Food Safety Program (OFFSP) and Animal Care Program (ACP) implementation, it is concluded that the on-farm programs are being implemented effectively and maintained on an on-going basis.”*

For the fifth year in a row, NSF's assessments of the *Raised by a Canadian Farmer* Animal Care Program demonstrated the credibility of the program and the confidence that processors, retailers, and restaurants need to support one national approach.

## NFACC

The *Raised by a Canadian Farmer* Animal Care Program has a solid, credible, and science-based foundation in that it is based on the Code of Practice developed through the National Farm Animal Care Council (NFACC). NFACC is a world leader in bringing together stakeholders with different perspectives – farmers, scientists, veterinarians, processors, retail associations, restaurant associations, transporters, animal welfare associations, and provincial/federal governments – to develop robust and sound Codes of Practice.

*“The system that we have for farm animal care in Canada, based on Codes of Practice developed through the National Farm Animal Care Council, is the envy of countries around the world. No other country has this decision-making model that brings together a full spectrum of experts and stakeholders (including farm groups, processors, customers, researchers, veterinarians, government and animal welfare organizations) to set animal welfare standards.”*

– Robin Horel, President of the International Poultry Council

The Animal Care Program was updated through NFACC's Animal Care Assessment Framework process which ensures adherence to all Code requirements.

CFC has been a member of NFACC since 2006, and Nick de Graaf, the Director from Nova Scotia, is CFC's representative on the NFACC Board.

FOR THE FIFTH YEAR IN A ROW, NSF'S ASSESSMENTS OF THE RAISED BY A CANADIAN FARMER ANIMAL CARE PROGRAM DEMONSTRATED THE CREDIBILITY OF THE PROGRAM AND THE CONFIDENCE THAT PROCESSORS, RETAILERS, AND RESTAURANTS NEED TO SUPPORT ONE NATIONAL APPROACH.

The Code of Practice for the Transportation of Livestock and Poultry revision process continued to be a major initiative for NFACC in 2021. CFC has been an active participant on two working groups: the Poultry Catching & Transport Working group and the Hatchery Transport Working Group. In addition, Nick de Graaf is the poultry sector representative on the overarching Code Development Committee for the Transport Code, the decision-making committee.

Another area of focus this year for CFC was to play an active supporting role to NFACC in their work of conducting a governance review to strengthen the processes it has in place.

## JOINT ANIMAL WELFARE WORKING GROUP

Continuous improvement is a cornerstone of CFC's on-farm programs. To this end, CFC and the Canadian Poultry and Egg Processors Council (CPEPC) created the Joint Animal Welfare Working Group this year, aimed at supporting the ongoing review of animal welfare practices, processes, and procedures in the Canadian chicken sector.

The consensus-based joint working group, comprised of four Canadian chicken farmers and four primary processing sector representatives, will supplement the existing process for the development and advancement of national animal care standards by reviewing the most recent scientific evidence regarding animal welfare, comparing this against current standards, and assessing the program's implementation and audits.

The group met, virtually, for the first time in October and will be continuing their work throughout 2022.

Both CFC and CPEPC believe that this new working group will enhance the chicken sector's ability to keep pace with consumer expectations and contribute to the ongoing success of science-based animal welfare programs and best practices into the future.

## NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL

The National Farmed Animal Health and Welfare Council (the Council) engages expertise to address important topics such as animal welfare, emerging diseases, animal health surveillance, antimicrobial use and resistance, and the emerging theme of "one welfare". Along with its divisions, the Council leads the initiation of projects to address animal health and welfare stakeholder needs in Canada.



THE COUNCIL'S ROLE CONTINUES TO EVOLVE TO TAKE ON MORE PROJECT AND PROGRAM MANAGEMENT, WHILE CONTINUING TO PROVIDE SCIENTIFIC, STRATEGIC, AND POLICY ADVICE AND RECOMMENDATIONS ON ANIMAL HEALTH AND WELFARE TO BOTH THE PUBLIC AND PRIVATE SECTORS.



CFC has been a member of the Council since its inception in 2010. Marco Volpé was CFC's representative to the Council from 2017 to 2021 and in the Fall of 2021 passed along the duties to Luce Belanger (QC) to represent CFC at the Council.

This year the Council welcomed a new Executive Director, Melanie Barham, who is continuing the work to transition the Council to a new governance model under Animal Health Canada. This transition work was a major focus for the Council in 2021, with the Animal Health Canada Working Group dedicating significant resources to the development of this new model. The goal of Animal Health Canada is a pan-Canadian, public-private collaboration to deliver programs that achieve high standards of



animal health protection and economic risk mitigation, consistent with the objectives and guiding principles of the Plant and Animal Health Strategy.

The Council now has several divisions and projects that it supports: NFACC, the Canadian Animal Health Surveillance System (CAHSS), the Animal Health Emergency Management (AHM) project, the African Swine Fever (ASF) project, and the Canadian Livestock Transport (CLT) program.

CFC staff are involved in many committees on the Council: Animal welfare, AMU/AMR, Animal Health Canada governance, and communications. Through the Council's Animal Welfare working group, CFC has been advocating for government recognition of animal care programs, similar to the CFIA recognition for food safety programs. The committee has agreed to take on this initiative and will work to move this forward in 2022.

## CANADA'S NATIONAL INDEX ON AGRI-FOOD PERFORMANCE

In 2021, CFC continued to be engaged with a growing coalition (80+) of private-public partners that are working together pre-competitively to develop an integrated picture of sustainability for Canada's agri-food sector. In early 2021, the Coalition released a roadmap to help Canada build on its existing metrics to develop a more integrated picture of its sustainability and quality credentials from farm to retail.

Creating the National Index on Agri-Food Performance will be based on science-based metrics and will span four sustainability priorities: the environment, economic, health and food safety, and societal well-being.

Demonstrating sustainability credentials presents an immense economic opportunity for the sector and for advancing the country's food ambitions. Consumers, customers, investors and regulators, worldwide,

increasingly expect food production and supply to be more sustainable and responsible. With an Index in hand, Canada can credibly show its track record, leadership, and mark progress on improvements going forward.

The Index is intended for use by the Canada's entire agri-food sector. All players from production to retail (including restaurant/grocery retailing/food service) can use the Index in the marketplace and to compare

WITH AN INDEX IN HAND,  
CANADA CAN CREDIBLY  
SHOW ITS TRACK RECORD,  
LEADERSHIP, AND MARK  
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GOING FORWARD.

their segment's respective sustainability performance. The Index won't be measuring individual farm or company performance, but rather relies on existing, nationally gathered statistics for national benchmarks. The project is also looking at how best to roll-up the statistics being gathered by sectoral initiatives and CFC will be considering this as we move forward on sustainability initiatives and research in our industry.

By accelerating Index development in 2021-2022, the pilot "Index 1.0" is to be launched later in 2022. The partners aim to secure longer-term funding in 2023 to establish the proposed Centre for Agri-Food Benchmarking to manage and evolve the Index.

The coalition is online at [agrifoodindex.ca](http://agrifoodindex.ca).



## PROMOTING CFC'S ON-FARM PROGRAMS

In the latter part of 2021, a campaign was launched to promote CFC's on-farm programs and the *Raised by a Canadian Farmer* brand. The goal was to educate and inform potential foodservice and hospitality brand participants of the benefits of joining the brand and what it stands for.

Diners are increasingly demanding transparency around where their food comes from and how it's produced. This has made menu callouts and certification badges that indicate value-added qualities increasingly valuable and effective tools to assure and inform diners across all segments.

However, it is important to ensure that these symbols have substance behind them to prevent them becoming hollow marketing tools; to in fact reassure partners that the *Raised by a Canadian Farmer* program has real weight behind it.

There were several tactics used to promote our on-farm programs throughout 2021. For example, *Western Restaurant News* and *Foodservice & Hospitality* were chosen to reach this specific demographic and the campaign included a combination of print ads, e-blast content, feature content, and digital ads. Hard copies of *WRN* reached 15,000 industry insiders and *F & H* reached another 19,000 readers. This includes more than 2,000 chefs/cooks. Digital reach was over 33,000.

## POULTRY RESEARCH

Chicken Farmers of Canada is a founding member of the Canadian Poultry Research Council (CPRC). The Canadian Poultry Research Council (CPRC) supports poultry research in Canada and the training of highly qualified people for Canada's poultry sector. CFC is represented on the CPRC Board by Ray Nickel from British Columbia.

Each year, CPRC conducts a call for Letters of Intent (LOI) which is open for approximately six weeks. Upon announcement of the call, a research priority list will be provided for that year.

With input from academia, government, and industry, CPRC continually reviews its research priority list and, if necessary, adjusts it to reflect existing and emerging issues of importance to its members. Provided they remain of high importance, individual priority areas will be the subject of future calls at regular intervals so as to promote continuity in existing research programs.

In January 2021, CPRC issued a call for proposals for three research categories:

- 1) FOOD SAFETY
- 2) POULTRY HEALTH AND WELFARE
- 3) PRODUCTIVITY AND SUSTAINABILITY

These categories were chosen to align with the *National Research Strategy for Canada's Poultry Sector priorities*. The CFC research topics were included in this call.

The CPRC Board of Directors met on December 6, 2021 to review the 12 letters of intent that were sent for peer review (23 LOIs were received in total). Upon review, CPRC approved six research projects for funding.



Through the regular CPRC call for proposals, each year CFC allocates additional funding for topics specific to CFC research needs. In 2021, \$60,000 to each of two projects was approved:

1. Deborah Adewole, Dalhousie University – Functional plant material to boost broiler chickens' GI health, antioxidation and immunity
2. Christine Szymanski, CEO, VaxAlta Inc. – Oral vaccine targeting *Campylobacter jejuni* and *Clostridium perfringens* to combat foodborne illness and Necrotic enteritis

CPRC also undertook a governance review in 2021, the results of which will be discussed and distributed in 2022.

## FUNDING REPORT

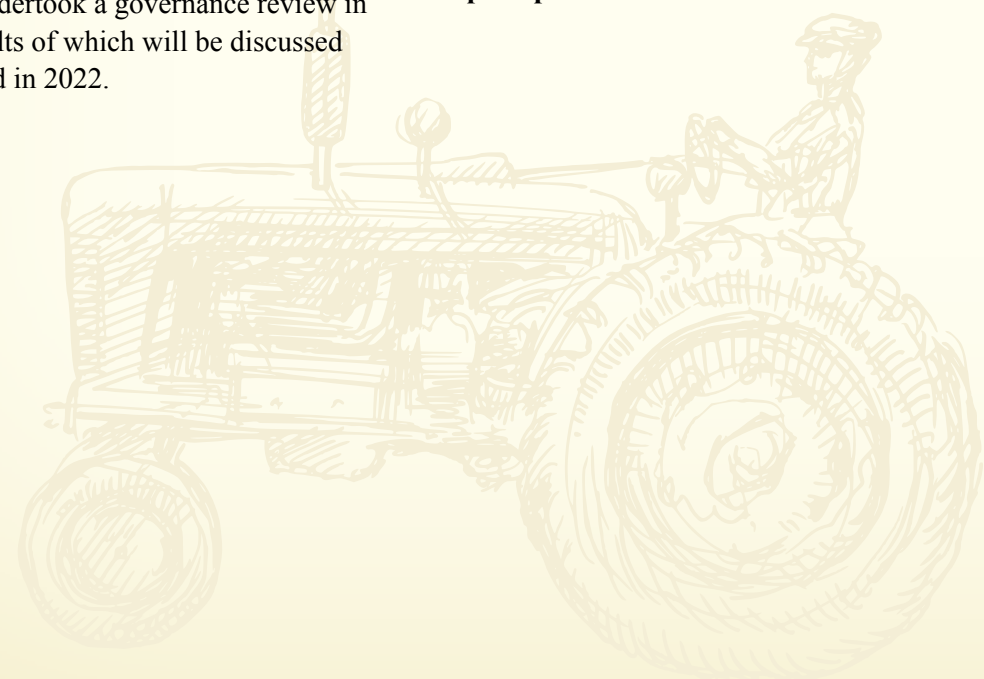
To the end of 2021, CPRC members have committed more than \$5.1 million through our regular funding programs in support of 112 research projects at universities and federal government laboratories across Canada. Although CPRC's contribution is significant, it only represents a fraction of the overall support for these projects; funds from other sources bring the total research program to more than \$30 million.

## POULTRY CLUSTER III

The Canadian poultry sector has \$12 million invested in research projects as part of financing of the third cluster – co-financed by agriculture and Agri-Food Canada. Projects are taking place at 12 Canadian universities, two AAFC research stations, and include more than 55 individual researchers. Projects in this five-year program (2018–2023) focus on:

- » Antimicrobial surveillance
- » Food safety
- » Poultry health
- » Poultry welfare
- » Sustainability

CPRC has dedicated funding to knowledge and technology transfer (KTT) for all research coming out of the Cluster project. Research highlights and project summaries can now be found on the CPRC website, <https://cp-rc.ca/en/research>.



# BRANDING & COMMUNICATIONS

# BRANDING & COMMUNICATIONS

THE *RAISED BY A CANADIAN FARMER* BRAND CONTINUED TO SEE SUCCESS IN 2021, DESPITE THE PANDEMIC.

We maintained our current awareness rates and increased them with Millennials. Our current television and digital ads also maintained their likeability rates above 80%, and we are currently doing the work necessary to change our ads for 2022.

In 2021, the *Raised by a Canadian Farmer* brand was featured:

## ON TELEVISION

ON VIDEO ON DEMAND

ON PRE-ROLL

ON CONNECTED TV

IN CHATELAINE E-BLASTS

IN TODAY'S PARENT E-BLASTS

ON MSN HOMEPAGE (F)

IN RICARDO E-NEWSLETTER (F)

ON CFC WEBSITE

ALL ACROSS SOCIAL MEDIA (OURS AND OUR BRAND AMBASSADORS)

ONLINE VIA OUR WEBSITE AND ONLINE ADVERTISING

WITH OUR BRAND PARTNERS, ON PACK, IN STORES, ON THEIR WEBSITES, AND WITHIN THEIR SOCIAL MEDIA



The Board of Directors agreed to increase the spending on the brand, allowing our audience to expand to include all adults, and to expand our Millennial audiences.

After conducting a great deal of research with Canadians, the Board also agreed to change the overall brand messaging to focus on both health and versatility, with a mind towards a message that communicates that Canadians can enjoy chicken several times a week, and never have to have the same dish twice.

At the end of 2021, a search was conducted for a new agency to create new commercials for 2022. A series of concepts for those ads, with the new messaging, was developed and tested with consumers. These commercials will be filmed and refined in 2022, with a goal to get them on air beginning in the Fall.

Our new chicken.ca website was launched early in 2021 and has been getting very positive feedback. Our engagement is exceeding previous years, both on social media, within the website itself, and on our YouTube channel.

We increased our partnerships with Wild Wing, Swiss Chalet, and Turtle Jacks in 2021, and we are in negotiations with several other brands at this time. We have agreements with over 30 companies to date.

## RECIPES AND VIDEO CREATION

This year, we created 20 new recipes, catering to different international cultures; these included:

1. Air Fryer Nashville Hot Chicken
2. Buffalo Chicken Nachos
3. Chicken and Vegetable Rice Paper Rolls
4. Kale and Quinoa Salad Bowl with Grilled Chicken
5. Brown Butter and Sage Chicken Pilaf
6. Classic Chicken Parmesan
7. Chicken and Mushroom Wellington
8. Roasted Chicken Sheet Pan Gnocchi
9. Chicken Shawarma Quinoa Bowl
10. Pulled Barbecue Chicken Burrito Bowl

We also created 10 How-To Videos for consumers, and we are promoting them on our social media networks.



Coming in 2022, we will be placing a bigger focus on countries and cultures that are even more diverse.

## NATIONAL CHICKEN MONTH

This year, instead of hiring out to promote National Chicken Month, we decided to handle it internally.

Provincial boards were asked to solicit videos from consumers in their circles, featuring a chicken dish from their culture. We also leveraged our new partnership with the Culinary Federation of Canada to get chefs to provide entries featuring a chicken dish from their culture. Chefs could win cash prizes, with matching donations to a food bank of their choice. Over 40 chefs accepted the challenge and created some beautiful, mouth-watering

dishes that encompassed many different nationalities and countries of origin.

We boosted these posts, both on Facebook and Instagram. We received considerable engagement, both from participants and from consumers viewing the videos.

For this challenge, prize money was matched with a donation to the top three winners food banks of choice.

**1<sup>ST</sup> PLACE**  
\$5,000 PRIZE  
\$5,000 TO CHARITY  
WINNER: CHEF FROILAN OFIAZA  
CHARITY: HARVEST MANITOBA

**2<sup>ND</sup> PLACE**  
\$2,000 PRIZE  
\$2,000 TO CHARITY  
WINNER: CHEF CORALIE  
VAN DE BRUINHORST  
CHARITY: INTERFAITH FOOD BANK  
SOCIETY OF LETHBRIDGE

**3<sup>RD</sup> PLACE**  
\$1,000 PRIZE  
\$1,000 TO CHARITY  
WINNER: CHEF ERIKA ARAUJO  
CHARITY: DAILY BREAD  
FOOD BANK

## SOCIAL MEDIA

We have been extremely successful at creating relationships with our consumers and finding new ways to relate to them. This is absolutely having a positive effect on our credibility. They're seeing the people behind the brand. And those people are relatable. We've also begun experimenting with new platforms, namely TikTok.

## CONSUMER RESEARCH

In 2021, we conducted several pieces of consumer research focused on different issues.

We did a study on brand awareness that showed that we have a 40% awareness rating for the brand, and that we've been successful in bringing that up to 42% with Millennials. We also learned that Canadians still want their chicken to be Canadian, that they like our logo, and that they trust our farmers.

We conducted a massive, 5-day qualitative consumer survey regarding our marketing and advertising, as well as on our plant-based and sustainability messaging. The results have helped us create a new brand statement focused on chicken's versatility, and we have learned a great deal about perspectives on various parts of our marketing efforts. These will go a long way to creating new and exciting messaging opportunities for the brand, as well as for our messaging on plant-based simulated proteins, and sustainability.

We have completed a survey with Canadians on their opinions with respect to animal rights activism and we are testing new ad concepts with consumers for 2022 advertising. We also purchased consumer research regarding how consumers have changed since the pandemic began. This will help provide guidance on marketing messaging going forward.

THE RESULTS HAVE HELPED US CREATE A NEW BRAND STATEMENT FOCUSED ON CHICKEN'S VERSATILITY, AND WE HAVE LEARNED A GREAT DEAL ABOUT PERSPECTIVES ON VARIOUS PARTS OF OUR MARKETING EFFORTS.

In 2022, we will be launching our Usage & Attitudes Study with consumers, aiming for presentation to the Board mid-year. This study is conducted every three years and was first launched in 1995. It's an ongoing study into the consumer's use of and attitude toward Canadian chicken. The information

provided by this study will help CFC and its stakeholders keep track of new and existing trends and identify issues that require a response or action.

## CANADIAN COMFORT CAMPAIGN

The campaign was the second iteration of the SM5 (national dairy, egg, and poultry farmers) concept to encourage the "buy Canadian" movement and it ran from August 9–31 on social media. The campaign helped enhance all key perceptions around supporting local farmers and the importance of buying Canadian produced food with significant gains made versus 2020.

Over three-quarters of those aware of the program looked for related products, and more than half (54%) followed through with a purchase. The use of influencers has resulted in higher favourability and impact consideration among total respondents. CFC also supported the campaign through its own social networks.

## CONSUMER OUTREACH - HEALTH

As a part of our Consumer Outreach strategy, we featured one of our key influencers, Phil McKenzie from Lean Squad, who has worked with us on several initiatives. He participated in two on-air segments on Global TV, focused on healthy chicken messages (with some mention of the advantage of chicken over plant-based simulated meats).

In La Presse, we ran a full-page digital full screen ad, and one double big box ad, for a week-long period.

## ACTIVISM STRATEGY

In 2021, we participated in the following trade shows, where we spoke in sessions, had virtual booths, and participated in activities, surrounding Animal Care and messaging that current activism strategies don't consider the Canadian reality.



1. Restaurants Canada – booth, introduction of speakers, sessions, virtual farm tour and Q&A session with a farmer, CFC, and CPEPC
2. Canadian Grocer – webinar with virtual chicken farm tour and Q&A session with a farmer, CFC, and CPEPC
3. Grocery Innovations Conference – booth, introduction of speakers, messaging, materials
4. Canadian Restaurant Investment Leadership conference – booth, introduction of speakers, sessions, virtual farm tour and Q&A session with a farmer, CFC, and CPEPC

We also had several meetings with retailers and restaurants, many of whom are actively being pressured by activist organizations. These meetings are designed to explain the Canadian animal care reality and encourage these companies not to sign any commitments on animal care without at least speaking with us first.

Other initiatives:

- » National Post – two-page spread with focus on animal care, protein (vs. plant-based), sustainability, and the *Raised by a Canadian Farmer* brand
- » Innovating Canada – four pieces online focused on the above
- » Restaurants Canada Menu Magazine – article and ad regarding animal care
- » Farmer training – we held two sessions with farmers to train them on activism, ambassadorship, and more
- » Communications unit working on the Joint Animal Welfare Working Group
- » Led two inter-species responses to activist tactics against foodservice by activists
- » Ongoing work with Canadian Centre for Food Integrity
- » We created an infographic outlining the environmental impacts of converting the sector to a slower-growing chicken. We have actively promoted this

- » We also hired a consultant to assist us in working and messaging with retail and food service on our animal care program. This included:
  - » Coordinating webinars and speaking opportunities
  - » Coordinating all advertising, print and digital opportunities between CFC and Canadian Grocer, as well as with Restaurants Canada

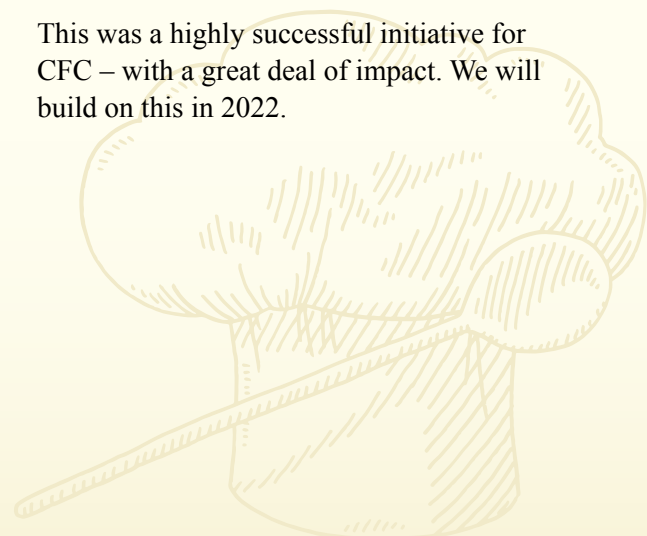
## PLANT-BASED SIMULATED MEATS STRATEGY

A strategy was approved by the Board to begin tactics to counter the perception that plant-based simulated meats are healthier than chicken itself. Target audiences were university students and parents with young and teenage children.

Tactics were:

- » Working with respected health professionals on different platforms, including TikTok and Instagram
- » Working with Swimming Canada to produce and distribute content to focus on the importance of protein for health, using youth-popular platforms like social media, blogTO, MTLblog, and others
- » Creating content for Narcity – a very popular site with younger audiences
- » Creating content within a national media relations context
- » Audio news releases that explain and compare plant-based simulated meats and chicken

This was a highly successful initiative for CFC – with a great deal of impact. We will build on this in 2022.



# MARKET WATCH



# MARKET WATCH

CANADA'S CHICKEN FARMERS PRODUCED 1,318 MILLION KG (MKG) IN 2021. AFTER EXPERIENCING A PRODUCTION CUTBACK IN 2020 DUE TO THE COVID PANDEMIC, PRODUCTION RECOVERED BY PRODUCING 3.6% MORE IN 2021. THE VOLUME PRODUCED IN 2021 ALSO REPRESENTS A 1.6% INCREASE VERSUS 2019.

**P**reliminary estimates show that the per capita consumption (PCC) of chicken in 2021 was 35.0 kg, a 0.6 kg increase from the year before and nearly back to where it was in 2019. Chicken remained the most popular protein with Canadians. Meanwhile, the PCC for beef in 2021 was estimated at 24.2 kg, 1.4 kg below 2020, and the PCC estimate for pork was 21.4 kg, 2.6 kg more than 2020.

The average live price paid to Canadian farmers in 2021 was \$1.831 per kg live weight, which represents a \$0.216 increase over 2020. Frozen chicken inventories started 2021 at 58.9 Mkg, then dropped to the lowest level of the year in the third quarter following regular seasonal trends that were more pronounced due to significant underproduction during this period, and ended the year at 58.6 Mkg.

## PROVINCIAL PRODUCTION

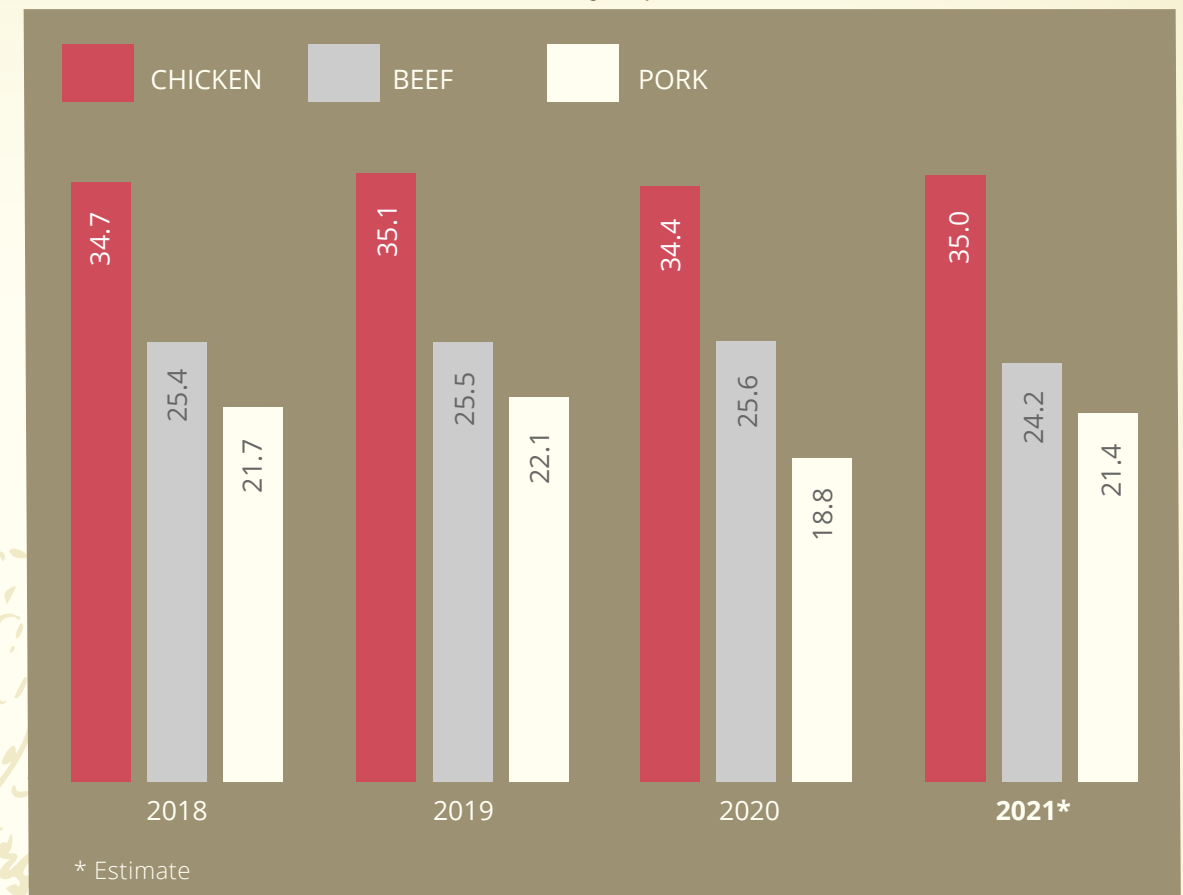
The year 2021 covered seven production periods, from A-167 (December 20, 2020 – February 13, 2021) to A-173 (November 21, 2021 – January 15, 2022). Domestic allocations relative to base allocations ranged from 5% below base in period A-168 (February 14, 2021 – April 10, 2021) to

6.5% above base in period A-172 (September 26, 2021 – November 20, 2021). The COVID situation kept on impacting supply and demand for chicken in 2021, and allocations were set and at times revised accordingly. As vaccination rollout accelerated and the foodservice sector gradually reopened, allocations for the second half of the year were set above base to meet increasing demand.

Canadian chicken production reached 1,318 Mkg in 2021. This is 3.6% (45.9 Mkg) more than 2020 and 1.6% (20.2 Mkg) above pre-pandemic 2019. Production under CFC's Market Development Program was an estimated 41.5 Mkg, representing a 3.2 Mkg increase compared to 2020. Production under the Specialty Production Program increased from 9.2 Mkg in 2020 to 10.2 Mkg in 2021.

As a result of cautious allocations for the first few periods of 2021, production in the first half of 2021 was 1.3% lower than in the same months of 2020. The second half of 2021 saw an 8.7% increase in production relative to the same period last year when production was reduced in response to COVID-related decreased demand from the food service sector. Production in the last six months of 2021 was significantly lower than the allocated volume due to chick supply issues in Ontario, a multi-week strike at a major processing plant in Quebec, and heat waves in British Columbia.

## PER CAPITA CONSUMPTION (KG)



## PRODUCER PRICES

The production-weighted average producer live price for 2021 was \$1.831 per kg, representing a 21.6 cent (13.4%) increase over 2020. Producer live price began with \$1.692 per kg in A-167 and ended with \$1.860 per kg in A-173, peaking at \$1.903 per kg in A-171.

Feed prices are a large input cost in chicken production. Corn and soybeans prices started to increase sharply in the last quarter of 2020 because of exceptional export demand for U.S. feed commodities and maintained high levels throughout 2021.

## WHOLESALE PRICES

Express Markets Inc. (EMI), a price discovery company, provides wholesale complex pricing for four main categories of chicken cuts: breasts, wings, legs, whole birds, along with a market composite. The market composite averaged \$3.91/kg in 2021, 36 cents higher than in 2020. The wing complex (\$6.23/kg) and breast meat complex (\$5.77/kg) saw the most significant increases, 106 cents and 60 cents respectively compared to 2020. The whole bird complex (\$4.00/kg) and leg complex (\$2.78/kg) also gained significantly versus 2020.

Wholesale prices started off the year at levels similar to previous years but started to increase rapidly in late winter/early spring. The breast complex and leg complex prices peaked around mid-year while wing and whole bird prices remained very strong throughout 2021. Demand for wings was very strong and the average wing complex surpassed the average breast complex by 45 cents in 2021.

## PROVINCIAL PRODUCTION OF CHICKEN (000 KG EVISCERATED)

Province	2021	2020	% change
British Columbia	188,712	186,986	0.92%
Alberta	131,064	127,284	2.97%
Saskatchewan	48,463	47,975	1.02%
Manitoba	52,703	52,184	1.00%
West	420,943	414,428	1.57%
Ontario	449,004	428,864	4.70%
Quebec	348,255	333,431	4.45%
Central	797,259	762,295	4.59%
New Brunswick	34,867	33,964	2.66%
Nova Scotia	43,627	41,065	6.24%
Prince Edward Island	4,663	4,498	3.68%
Newfoundland & Labrador	16,593	15,823	4.87%
Atlantic	99,751	95,349	4.62%
CANADA	1,317,953	1,272,073	3.61%

## ALLOCATION GROWTH OVER BASE\*

Province	Base Allocation (Mkg)	Domestic Allocation (Mkg)	% Growth Over Base
British Columbia	185.0	187.3	1.28%
Alberta	133.0	136.3	2.41%
Saskatchewan	46.2	46.6	0.88%
Manitoba	54.0	54.5	0.93%
Ontario	458.2	464.3	1.34%
Quebec	355.4	360.7	1.50%
New Brunswick	36.2	36.7	1.46%
Nova Scotia	45.5	46.1	1.27%
Prince Edward Island	4.9	5.0	1.78%
Newfoundland & Labrador	17.8	18.1	1.16%
CANADA	1,336.2	1,355.5	1.45%

\* Allocation Period: A167-A173

## RETAIL PRICES

COVID-related supply chain disruptions and pent-up demand kickstarted inflation in Canada and around the world in 2021. The inflation rate rose to levels not seen since 2003 and the overall Consumer Price Index (CPI) averaged 141.6 in 2021, a 3.4% increase from 2020.

The CPI for fresh and frozen chicken averaged 179.2 in 2021, up 9.4 points (5.5%) from 2020. All meats experienced significantly higher CPIs last year, particularly turkey that posted a 12.6 points (9.5%) increase. The CPI for beef increased by 6 points (3.1%) and the CPI for pork was 4.3 points (2.9%) higher, bringing the yearly average index to 202.4 and 153.5, respectively.

Meat prices at retail experienced ups and downs in first half of 2021. Statistics Canada data show that the average retail chicken price was \$7.87 per kg in 2021, 44 cent (5.9%) higher than in 2020. From May to October 2021, chicken prices increased 75 cents (10%), and prices peaked in October at \$8.51 per kg.

For pork, Statistics Canada reports on retail prices for bacon and pork chops. One kilogram of pork chops cost an average \$12.08, nine cents (0.8%) more than in 2020. Meanwhile, 500 grams of bacon cost Canadian consumers \$7.95, up 79 cents (11.1%) from 2020.

The prices of all beef cuts, except the most affordable ground beef, showed sharp increases in 2021, the second year of significantly higher prices. In 2020, beef prices spiked during the months of June and July when several beef plants had to temporarily shut down or cut production because of COVID outbreaks. In 2021, prime rib roasts, one of the higher-end beef cuts, cost consumers \$4.24 more per kilogram (11.9%) compared to the previous year, while sirloin steak (\$1.39 more per kg), blade roast (82 cents more per kg), stewing beef and round steak (both 60 cents higher per kg) showed lower but still significant price increases.

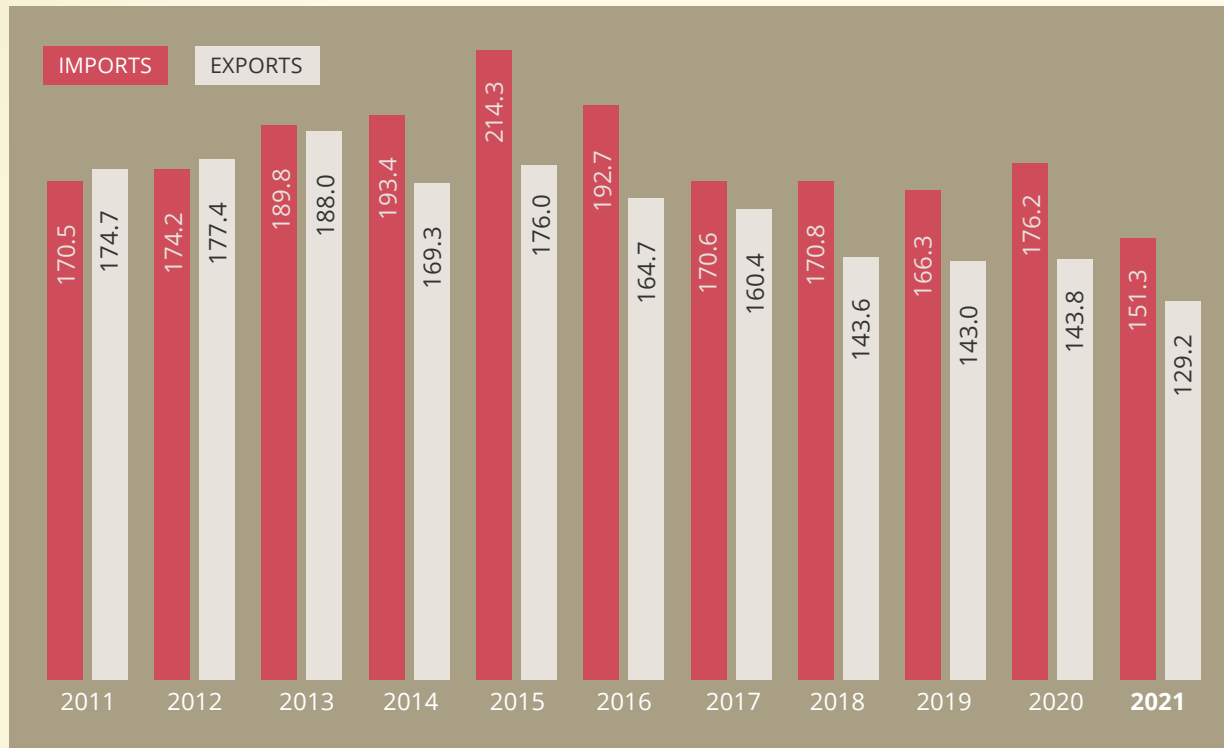
## IMPORTS

The Tariff Rate Quota (TRQ), administered by Global Affairs Canada (GAC), was set at a level of 88.8 Mkg in 2021, and consisted of 39.8 Mkg under WTO and 49 Mkg under CUSMA for a total of 88.3 Mkg including a 0.5 Mkg holdback. Actual TRQ import volumes under these two TRQs were 86.1 Mkg, and 3.4 Mkg was issued as supplementary imports-to-compete for a total of 89.5 Mkg. In addition, half a million kilograms came in under the CPTPP TRQ.

Processing plants in the U.S. experienced significant labour challenges, impacting deboning capacity and causing more imports of bone-in products and fewer imports of boneless products. Bone-in chicken parts accounted for 50% of the total volume imported in 2021, while imports of boneless chicken parts made up only 20% of the total volume in 2021 compared to 40% the year before. Imports of processed chicken products accounted for 30% of the total volume, significantly higher than in 2020. Canada did not import live and eviscerated whole chicken in 2021.

PROCESSING PLANTS IN THE U.S. EXPERIENCED SIGNIFICANT LABOUR CHALLENGES, IMPACTING DEBONING CAPACITY AND CAUSING MORE IMPORTS OF BONE-IN PRODUCTS AND FEWER IMPORTS OF BONELESS PRODUCTS.

## CANADIAN CHICKEN IMPORTS AND EXPORTS (MKG, AAFC)



As in previous years, the U.S. was Canada’s largest supplier of chicken imported under the TRQ in 2021 at 51.2 Mkg (60%), from which 48.3 Mkg were imported through CUSMA and the remaining 2.9 Mkg came in under WTO TRQ. Brazil and Thailand continued to be the second and third largest chicken exporters to Canada at 20% (17.3 Mkg) and 11% (9.3 Mkg) of total Canadian chicken imports under TRQ, respectively. Three European countries (Hungary, Germany, Great Britain) together accounted for 9.4% (8.1 Mkg) of total TRQ imports with most (6 Mkg) coming from Hungary. Canada also imported small quantities of chicken from Argentina, Chile, and Israel in 2021.

GAC is also tasked with managing and monitoring the Import to Re-Export Program (IREP). The program allows the further processing industry to import chicken duty-free, with the agreement that they will further process the product and re-export it. A total of 17.7 Mkg of chicken was imported under the IREP program in 2021, a 5.5 Mkg decrease from 2020.

The Canadian Border Services Agency (CBSA) manages a similar program called the Duties Relief Program (DRP). Those participating in the program are allowed to import chicken and re-export the chicken as a further processed product within a four-year timeframe. Volumes imported under the DRP were on a steady decline from the 2015 peak volume of 96.3 Mkg to 25.2 Mkg in 2019 but increased in 2020 and increased again in 2021 to reach 35 Mkg.

Spent fowl imports were 72.3 Mkg eviscerated in 2021, 12.7 Mkg less (15%) than in 2020 and the lowest level since 2009. Tight chicken supplies combined with labour and deboning capacity challenges in the U.S. kept more fowl meat on its domestic market. Bone-in parts, which represented 60% of total imports, were the most popular cut of spent fowl but decreased by 0.9 Mkg (2.1%) compared to 2020. Imports of boneless breast fowl meat also decreased significantly by 4.4 Mkg (35%) due to lower availability.

## EXPORTS

Agriculture and Agri-Food Canada data shows that 129.2 Mkg of chicken was exported in 2021, representing a decline of 14.6 Mkg (10%) from 2020. Bone-in legs, the product with the second largest export volume, experienced a significant increase of 3.0 Mkg. It was also one of the few chicken cuts that enjoyed positive export growth last year. Other popular export products, such as the boneless parts category under Chapter 16 (Preparations of Meat) and mechanically separated meat (MSM) both experienced large declines (5.6% and 8.4% respectively).

The U.S. remained the largest export destination in 2021, but Canada also shipped significant volumes of chicken to the Philippines, Taiwan, Jamaica, Armenia, Tajikistan, Cuba, the Democratic Republic of the Congo, Guinea, Tajikistan, South Africa, and several other destinations.

## STORAGE STOCKS

Total frozen storage stock volumes started 2021 at 58.9 Mkg and ended the year 0.3 Mkg lower at 58.6 Mkg. Storage stocks peaked on April 1st and bottomed out on July 1st at 50 Mkg, the lowest level since late 2018, mainly due to significant decreases in the cut-up breasts and cut-up legs categories. Wing inventories were stable between 3 and 4 Mkg in the first half of 2021 but doubled during the second half of the year.

Most of the frozen inventories continued to be in the cut-up chicken and further processed chicken categories, combined accounting for 87% of total inventories. Inventories of frozen whole chicken returned to normal levels in 2021 after experiencing significant increases during the first few months of the pandemic in 2020. Stocks of frozen miscellaneous chicken, including items such as MSM, necks, giblets, and feet, saw a substantial increase during the last few months of 2021, ending the year at more than 6 Mkg,

## INDUSTRY SNAPSHOT

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD	TOTAL
Number of producers	312	246	71	125	1,298	626	39	92	8	6	2,823
Average farm size (000 kg live weight)	823	722	929	574	467	755	1,216	645	793	3,763	633
Federally-inspected plants	9	4	2	2	8	7	2	1	0	1	36
Provincially-inspected plants	13	65	1	2	32	5	1	9	3	6	137
Average producer price (\$/kg live weight)	1.914	1.867	1.882	1.876	1.791	1.799	1.882	1.891	-	-	1.831

## INTERPROVINCIAL MOVEMENT

CFC, along with the provincial chicken marketing boards, monitors the interprovincial movement (IPM) of live chicken. IPM data comes on a weekly and monthly basis and is reviewed by external auditors every four periods. Total IPM increased by 3.5 Mkg (4.0%) in 2021 to 92 Mkg. The majority of IPM volumes are destined for New

Brunswick, which saw a volume of 65.1 Mkg, accounting for 71% of all IPM in Canada. Quebec is the largest contributing province that transported 44.3 Mkg (48%) to other provinces. Furthermore, Quebec and New Brunswick remained the biggest IPM partners, with 42 Mkg going from Quebec to New Brunswick, 46% of total IPM in 2021.

### INTERPROVINCIAL MOVEMENT OF LIVE CHICKENS (IN KILOGRAMS LIVE WEIGHT)

	TO					
	NB	NS	ON	QC	SK	TOTAL
NS	21,984,198	-	-	-	-	21,984,198
PEI	1,107,767	5,145,323	-	-	-	6,253,090
QC	42,067,996	-	2,274,915	-	-	44,342,911
ON	-	-	-	19,047,739	-	19,047,739
AB	-	-	-	-	285,802	285,802
<b>FROM TOTAL</b>	<b>65,159,961</b>	<b>5,145,323</b>	<b>2,274,915</b>	<b>19,047,739</b>	<b>285,802</b>	<b>91,913,740</b>

# MONITORING & ENFORCEMENT



# MONITORING & ENFORCEMENT

CFC'S RESPONSIBILITY IS TO PROVIDE AN EFFECTIVE NATIONAL MONITORING AND ENFORCEMENT POLICY FOR THE ORDERLY MARKETING OF CHICKEN.

## AUDITING THE SYSTEM

**A**udits of provincial commodity boards, market development licensees, specialty production licensees, and interprovincial licensees are carried out every four allocation periods. CFC also conducts special audits as needed.

In 2021, staff and CFC's external auditors completed the audits of provincial chicken boards for compliance with the policies and regulations for periods A-158 to A-165, which runs from August 4, 2019 to October 24, 2020, and initiated the audits of periods A-166 to A-169, which runs from October 25, 2020 to June 5, 2021. The audits of periods A-166

to A-169 will be completed during the first quarter of 2022.

Live marketing reporting audits, including interprovincial movement of live chicken, and market development and specialty production licensees' compliance with policies and regulations were conducted by the external auditors for periods A-162 to A-169.

The audit report for periods A-158 to A-161 was presented to the Board of Directors in March 2021, the audit report for periods A-162 to A-165 was presented to Directors in August 2021. The audit report for periods A-166 to A-169 is expected to be presented to Directors in March 2022.

## OVERMARKETING ASSESSMENT

The following assessments were presented and approved by the Board of Directors in 2021:

AUDIT PERIOD	PROVINCIAL BOARD	LEVY ASSESSED
A-158/A-159	BRITISH COLUMBIA	\$292,010
A-160/A-161	BRITISH COLUMBIA	\$125,977
A-160/A-161	MANITOBA	\$29,473
A-160/A-161	NOVA SCOTIA	\$11,645
A-160/A-161	SASKATCHEWAN	\$34,917

The above levies have been paid in full.

## MARKET DEVELOPMENT

The following Market Development assessments were issued to two primary processors for marketing production received other than in accordance with the Market Development Policy and the licence they hold:

QUOTA PERIOD	LEVY ASSESSED	KG LIVE WEIGHT EQUIVALENT	ASSESSMENT
A-153	\$73,464	122,440	OCTOBER 2021
A-161	\$8,391	13,985	OCTOBER 2021

## SPECIALTY PRODUCTION

There were no levies assessed in 2021.

## INTER-PERIOD QUOTA TRANSFERS

The inter-period quota transfer policy gives flexibility to meet market needs. Requests are in response to short-term, market-driven requirements between two specific quota periods. Inter-period quota transfers cannot be used to adjust slaughter schedules or affect quota utilization in a given period.

There were no inter-period quota transfers in 2021.





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CORPORATE  
SOCIAL  
RESPONSIBILITY

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# CORPORATE SOCIAL RESPONSIBILITY

IT'S IMPORTANT TO CFC TO GIVE BACK TO OUR COMMUNITIES, AND WE BELIEVE THAT EVERY CANADIAN SHOULD HAVE ACCESS TO A HEALTHY SOURCE OF PROTEIN, AND THAT WE CAN MAKE A CONTRIBUTION TO MAKE THAT HAPPEN.

**W**e have been proud partners and supporters of the Ottawa Food Bank since 2007 and continue to find new ways to work together to fight hunger in Canada's capital. Each year, through the Chicken Challenge food donation program and staff donations, we continue to support the mission of the Ottawa Food Bank.

The annual Chicken Challenge program provided close to \$50,000 worth of chicken products to the Ottawa Food Bank. This was

the twelfth successful year of this program, which solicits bids for chicken products from Canadian processors to be donated to the food bank. This goes along with \$10,000 that was collected through yearlong staff donations and 50% matching CFC donations.

Altogether, \$60,000 was donated to the Ottawa Food Bank in 2021. This brings the total contribution to the food bank since we became partners and supporters to over \$730,000!

ALTOGETHER, \$60,000 WAS DONATED TO THE OTTAWA FOOD BANK IN 2021. THIS BRINGS THE TOTAL CONTRIBUTION TO THE FOOD BANK SINCE WE BECAME PARTNERS AND SUPPORTERS TO OVER \$730,000!

## OTHER CAUSES

CFC sponsored and supported several other causes and organizations throughout the year. These included:

**\$10,000**

JOINT DONATION WITH SM4 TO FOOD BANKS CANADA  
(IN LIEU OF HOLDING THE JOINT ANNUAL RECEPTION)

**\$10,000**

FOR THE PARLIAMENTARY INTERNSHIP PROGRAMME

**\$8,000**

FOR THE NATIONAL CHICKEN MONTH CONTEST WITH CHEFS WHICH RESULTED IN PRIZES FOR THREE FOOD BANKS  
(IN MB, ON, AND AB)

**\$5,000**

FOR CANADIAN YOUNG FARMERS FORUM

**\$5,000**

TO SPONSOR THE CANADIAN ALPINE SKI RACER, VALÉRIE GRENIER

**\$1,500**

FOR THE UNITED WAY OF EASTERN ONTARIO GOLF TOURNAMENT

**\$1,000**

GOVERNMENT RELATIONS INSTITUTE OF CANADA,  
AN EVENT IN WHICH FUNDS WERE RAISED AND MATCHED  
IN SUPPORT OF B.C FLOOD RELIEF



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# STAFF CHANGES AND UPDATES

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# STAFF CHANGES AND UPDATES

## NEW TO THE COOP

**Ayodeji Oni**  
Financial Coordinator  
(maternity leave coverage)  
September 2021

## LEFT THE COOP

**Aline Porrior**  
Public Relations Officer  
January 2021

**Nileeka Irugalbandara**  
Communication & Policy Officer  
(maternity leave coverage)  
July 2021

**Yanick Tabuteau**  
Translation & Office Coordinator  
August 2021

**Erin Callary**  
Public Affairs Officer  
October 2021

**Elyse Ferland**  
Senior Consumer Relations Officer  
November 2021

## COVID/RETURN TO WORKPLACE GUIDELINES

Since the first closure of the office in March 2020, access to the office has followed Ottawa Public Health guidelines and over the course of 2021, CFC employees were provided the option to continue working from home with a limited number of employees voluntarily working in the CFC office on a rotation basis, while following all government protocols.

Return to the workplace guidelines are in place to prepare for a safe return to the workplace. The purpose of these guidelines was to detail CFC's plan for the transition into the physical office space and the resumption of regular business operations in early 2022.

Furthermore, CFC adopted a strict vaccination policy to ensure that appropriate measures are in place to safeguard the health and safety of our employees, the workplace, and the community at large. The vaccination policy applies to staff, visitors and contractors delivering in person services, or attending meetings held at the CFC office in Ottawa.



### FROM LEFT TO RIGHT:

Bibiane Rietveld  
Mengrou Wang  
Nicole Faubert  
Christine Power  
Ayodeji Oni  
Lori Piché  
Michael Laliberté  
Lisa Bishop-Spencer

Steve Leech  
Yves Ruel  
Karen Ronayne  
Jae Yung Chung  
Jessica Heyerhoff  
Kavita Walia  
Jan Rus  
Maria Elena Baisas

Tara Molloy  
Jennifer Gardner  
Lisa Riopelle  
Marty Brett  
Lauren Kennedy  
Denis Nadeau  
Jeff Graham



## STAFF

### EXECUTIVE

**Michael Laliberté**  
Executive Director

**Nicole Faubert**  
Executive Assistant

### ANIMAL CARE AND SUSTAINABILITY

**Christine Power**  
Director of Animal Care & Sustainability

**Jennifer Gardner**  
Animal Care & Research Officer

### BRAND AND COMMUNICATIONS

**Lisa Bishop-Spencer**  
Director of Brand & Communications

**Marty Brett**  
Senior Corporate Communications Officer

**Karen Ronayne**  
Senior Design Officer

**Jeff Graham**  
Senior Creative Content Officer

**Vacant**  
Senior Consumer Relations Officer

### FINANCE

**Lori Piché**  
Director of Finance

**Jae Yung Chung**  
Senior Financial Analyst

**Maria Elena Baisas**  
Financial Officer

**Ayodeji Oni**  
Financial Coordinator

### FOOD SAFETY AND ANIMAL HEALTH

**Steve Leech**  
Director of Food Safety & Animal Health

**Jessica Heyerhoff**  
Communication & Policy Officer

**Kavita Walia**  
Food Safety Officer & Internal Auditor

### HUMAN RESOURCES AND ADMINISTRATION

**Lisa Riopelle**  
Director of Human Resources &  
Administration

**Bibiane Rietveld**  
Board Logistics Officer

### MARKET INFORMATION AND SYSTEMS

**Jan Rus**  
Director of Market Information & Systems

**Denis Nadeau**  
Business Systems Analyst

**Mengrou Wang**  
Market Analyst

### PUBLIC AFFAIRS

**Lauren Kennedy**  
Director of Public Affairs

**Vacant**  
Public Affairs Officer

**Vacant**  
Public Relations Officer

### TRADE AND POLICY

**Yves Ruel**  
Associate Executive Director

**Tara Molloy**  
Trade & Policy Analyst

## KEY ANNIVERSARY DATES AT CFC

20 YEARS  
Lisa Bishop-Spencer  
Jan Rus

10 YEARS  
Denis Nadeau

# AUDITOR'S REPORT & FINANCIAL STATEMENTS



# AUDITOR'S REPORT AND FINANCIAL STATEMENTS



KPMG LLP  
150 ELGIN STREET, SUITE 1800  
OTTAWA ON K2P 2P8  
CANADA

TEL 613-212-5764  
FAX 613-212-2896

## INDEPENDENT AUDITOR'S REPORT

To the members of Chicken Farmers of Canada

### OPINION

We have audited the financial statements of the Chicken Farmers of Canada (the "Entity"), which comprise:

- » the statement of financial position as at December 31, 2021
- » the statement of operations for the year then ended;
- » the statement of changes in fund balances for the year then ended
- » the statement of cash flows for the year then ended;
- » and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### OTHER MATTER – COMPARATIVE INFORMATION

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 26, 2021.

### OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- » the information, other than the financial statements and the auditors' report thereon, included in the annual report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in annual report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:


- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*


Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

February 24, 2022



CHICKEN FARMERS OF CANADA (CFC)  
IS A NOT-FOR-PROFIT ORGANIZATION  
INCORPORATED PURSUANT TO THE  
FARM PRODUCTS AGENCIES ACT AND  
WAS ESTABLISHED TO ENSURE THE  
ORDERLY MARKETING OF CHICKEN  
IN CANADA. CFC IS EXEMPT FROM  
INCOME TAXES UNDER SECTION  
149(1)(E) OF THE INCOME TAX ACT.





## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,094,445	\$ 3,256,608
Short-term investments (Note 2)	2,608,909	1,848,466
Accounts receivable	2,422,132	1,460,780
Prepaid expenses	208,315	191,833
	<b>8,333,801</b>	6,757,687
Long-term investments (Note 2)	9,557,386	10,633,507
Long-term receivable	38,532	63,194
Tangible capital assets (Note 3)	1,045,749	1,162,888
	<b>\$ 18,975,468</b>	\$ 18,617,276
<b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 618,033	\$ 684,350
Current portion of deferred lease inducement (Note 4)	19,852	11,453
	<b>637,885</b>	695,803
Long-term portion of deferred lease inducement (Note 4)	174,854	163,401
	<b>812,739</b>	859,204
<b>FUND BALANCES</b>		
Internally restricted - Promotion Fund	3,232,117	3,400,000
Internally restricted - Research Fund	3,719,158	4,270,692
Unrestricted - General Fund	11,211,454	10,087,380
	<b>18,162,729</b>	17,758,072
<b>CONTRACTUAL OBLIGATIONS (NOTE 5)</b>		
	<b>\$ 18,975,468</b>	\$ 18,617,276

See accompanying notes to financial statements.

On behalf of the Board:

Barry Uyterlinde,  
Finance Committee, Director

Nick Langelaar,  
Finance Committee, Director

Dennis Steinwand,  
Finance Committee, Director



## STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	Promotion Fund	Research Fund	General Fund	2021	2020
<b>REVENUES</b>					
Levy and fee revenue	\$ -	\$ -	\$ 10,214,303	\$ 10,214,303	\$ 9,749,606
Grant revenue	1,000,000	-	-	1,000,000	-
Overmarketing and market development levies	575,888	-	-	575,888	351,794
Interest	33,652	73,627	160,854	268,133	290,995
Other revenue	-	-	6,480	6,480	6,520
	<b>1,609,540</b>	<b>73,627</b>	<b>10,381,637</b>	<b>12,064,804</b>	10,398,915
<b>EXPENSES</b>					
Salaries, benefits and travel	-	-	3,285,529	3,285,529	3,228,228
Promotional activities	2,957,255	-	51,750	3,009,005	2,297,462
Special studies	294,827	18,750	872,899	1,186,476	1,011,440
Directors and alternates	-	-	716,356	716,356	688,874
Professional fees	-	-	646,736	646,736	365,021
Canadian Poultry Research Council	-	552,000	-	552,000	292,000
Communication	-	-	519,948	519,948	430,031
Office	-	-	424,787	424,787	441,917
Membership fees	-	-	258,153	258,153	243,230
Committees	-	-	228,518	228,518	57,501
Information technology	-	-	154,763	154,763	123,688
Amortization of tangible capital assets	-	-	178,752	178,752	126,630
Translation	-	-	122,695	122,695	142,448
Corporate social responsibilities	-	-	57,107	57,107	75,465
Trade	-	-	53,603	53,603	55,223
Loss on disposal of tangible capital assets	-	-	-	-	9,223
	<b>3,252,082</b>	<b>570,750</b>	<b>7,571,596</b>	<b>11,394,428</b>	9,588,381
<b>Excess (deficiency) of revenues over expenses from operations</b>	<b>(1,642,542)</b>	<b>(497,123)</b>	<b>2,810,041</b>	<b>670,376</b>	810,534
Net increase (decrease) in investments	(25,341)	(54,411)	(1,865,967)	(265,719)	318,266
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (1,667,883)</b>	<b>\$ (551,534)</b>	<b>\$ 2,624,074</b>	<b>\$ 404,657</b>	\$ 1,128,800

See accompanying notes to financial statements.



## STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	Promotion Fund	Research Fund	General Fund	2021	2020
Balance, beginning of the year	\$ 3,400,000	\$ 4,270,692	\$ 10,087,380	\$ 17,758,072	\$ 16,629,272
Excess (deficiency) of revenue over expenses	(1,667,883)	(551,534)	2,624,074	404,657	1,128,800
Interfund transfer (Note 6)	1,500,000	-	(1,500,000)	-	-
Balance, end of year	\$ 3,232,117	\$ 3,719,158	\$ 11,211,454	\$ 18,162,729	\$ 17,758,072

See accompanying notes to financial statements.



## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	2021	2020
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operating activities:</b>		
Excess of revenues over expenses	\$ 404,657	\$ 1,128,800
Items not affecting cash:		
Amortization of tangible capital assets	178,752	126,630
Amortization of lease inducement	(11,454)	(13,049)
Loss on disposal of tangible capital assets	-	9,223
Unrealized losses (gains) on investments	122,798	(322,897)
	<b>694,753</b>	<b>928,707</b>
Changes in non-cash working capital:		
Accounts receivable	(961,352)	389,339
Long-term receivable	24,662	(63,194)
Prepaid expenses	(16,482)	(77,224)
Accounts payable and accrued liabilities	(66,317)	185,975
	<b>(1,019,489)</b>	<b>434,896</b>
<b>Financing activities:</b>		
Net additions to lease inducements	31,306	180,581
<b>Investing activities:</b>		
Purchase of investments	(1,823,215)	(800,000)
Disposal of investments	2,016,095	1,200,075
Net acquisition of tangible capital assets	(61,613)	(988,235)
	<b>131,267</b>	<b>(588,160)</b>
<b>Net decrease in cash</b>	<b>(162,163)</b>	<b>956,024</b>
<b>Cash, beginning of the year</b>	<b>3,256,608</b>	<b>2,300,584</b>
<b>Cash, end of the year</b>	<b>\$ 3,094,445</b>	<b>\$ 3,256,608</b>

See accompanying notes to financial statements.



# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

CHICKEN FARMERS OF CANADA (CFC) IS A NOT-FOR-PROFIT ORGANIZATION INCORPORATED PURSUANT TO THE FARM PRODUCTS AGENCIES ACT AND WAS ESTABLISHED TO ENSURE THE ORDERLY MARKETING OF CHICKEN IN CANADA. CFC IS EXEMPT FROM INCOME TAXES UNDER SECTION 149(1)(E) OF THE INCOME TAX ACT.

CFC CHARGES LEVIES TO FARMERS BASED ON CHICKEN MARKETINGS IN INTER-PROVINCIAL AND EXPORT TRADE AND RECEIVES FEES IN RELATION TO INTRA-PROVINCIAL TRADE.

## 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Company's significant accounting policies are as follows:

### (A) FUND ACCOUNTING

Resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities, or objectives. Accordingly, separate accounts are maintained for the General Fund as well as for the Promotion and Research Funds, which are internally restricted.

The General Fund accounts for operating and administrative activities as well as all transactions related to tangible capital assets and other interest revenue not allocated to the other funds.

The Promotion Fund reports the overmarketing and market development levies collected and also reports expenses that relate to the promotional activities of chicken, as indicated in the Market Development Policy and the Monitoring and Enforcement Policy, and expenses incurred in collecting overmarketing and

market development levies. It also reports interest earned on resources held for the purposes of the Promotion Fund.

The Research Fund reports interest earned on resources held for research purposes and expenses for research projects related to the poultry industry in Canada.

### (B) REVENUE RECOGNITION FOR NON-FOR-PROFIT ORGANIZATIONS:

CFC follows the deferral method of accounting for contributions.

Levies and fees are recognized as revenue during the year when received or receivable if amounts can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.



# NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2021

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (C) TANGIBLE CAPITAL ASSETS

Tangible capital assets are accounted for at cost and amortized on the basis of their useful life using the straight-line method and following durations:

Software .....	1 year
Office equipment.....	10 years
Computer equipment .....	3 years
Leasehold improvements ..	Term of Lease

### (D) FINANCIAL INSTRUMENTS

#### (i) Initial and subsequent measurement

CFC initially measures its financial assets and liabilities at fair value. CFC subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and short-term and long-term investments which are measured at fair value. Changes in fair value of these financial instruments are recorded in the statement of operations.

#### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

#### (iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

### (E) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.



## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2021

### 2. INVESTMENTS

	2021	2021	2020	2020
	Cost	Fair Value	Cost	Fair Value
(A) SHORT-TERM INVESTMENTS				
Guaranteed investment certificates (GIC)	\$ 517,000	\$ 517,000	\$ 300,000	\$ 300,000
Canada Housing Trust Bonds	2,115,256	2,091,909	1,716,095	1,548,466
	<u>\$ 2,632,256</u>	<u>\$ 2,608,909</u>	<u>\$ 2,016,095</u>	<u>\$ 1,848,466</u>
(B) LONG-TERM INVESTMENTS				
Guaranteed investment certificates (GIC)	\$ 2,400,000	\$ 2,400,000	\$ 2,617,000	\$ 2,617,000
Canada Housing Trust Bonds	7,195,085	7,157,386	7,787,126	8,016,507
	<u>\$ 9,595,085</u>	<u>\$ 9,557,386</u>	<u>\$ 10,404,126</u>	<u>\$ 10,633,507</u>

CFC limits its investments to those authorized investments under the *Farm Products Agencies Act*.

Bonds are debt obligations paying interest rates appropriate to market at their date of purchase. The bonds and GICs mature at face value on a staggered basis over the next five years (2020 - five years). Interest rates for these securities range from 0.95% to 3.22% (2020 - 0.95% to 3.8%).

### 3. TANGIBLE CAPITAL ASSETS

	2021		2020	
	Cost	Accumulated Amortization	Net book value	Net book value
Office equipment	\$ 379,937	\$ 115,486	\$ 264,451	\$ 297,251
Computer equipment	320,844	208,251	112,593	169,070
Leasehold improvements	720,610	72,084	648,526	696,567
Software	24,773	4,594	20,179	-
	<u>\$ 1,446,164</u>	<u>\$ 400,415</u>	<u>\$ 1,045,749</u>	<u>\$ 1,162,888</u>

At December 31, 2020, cost and accumulated amortization amounted to \$1,384,850 and \$221,663, respectively.



## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2021

### 4. DEFERRED LEASE INDUCEMENT

In 2020, CFC entered into a lease agreement expiring in 2035, which included an inducement for leasehold improvements of \$171,800 as well as granting CFC three months free rent over the term of the lease as outlined in the lease agreement.

	2021	2020
Balance, beginning of the year	\$ 174,854	\$ 7,322
Increase in lease inducement during the year	31,306	180,581
Amortized to expenses during the year	(11,454)	(13,049)
Balance, end of the year	<u>194,706</u>	<u>174,854</u>
Current portion	19,852	11,453
Long-term portion	<u>\$ 174,854</u>	<u>\$ 163,401</u>

### 5. CONTRACTUAL OBLIGATIONS

CFC entered into lease agreements for its premises expiring in June 2035. Future minimum payments total \$2,572,419 and include the following payments over the next five years:

2022	\$ 151,184
2023	\$ 151,184
2024	\$ 164,928
2025	\$ 178,672
2026	\$ 178,672

#### COMMITMENTS RELATED TO FUTURE HOTEL AGREEMENTS

CFC has entered into multiple hotel agreements for 2022 for which the organization would be subject to cancellation fees totaling \$127,156.

### 6. INTERFUND TRANSFER

The Board of Directors of CFC has approved a transfer of \$1,500,000 (2020 - \$5,627,400) from the General Fund to the Promotion Fund to cover promotional activities.





## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2021

### 7. FINANCIAL INSTRUMENTS

CFC is subject to the following risks arising from its financial instruments.

(A) **LIQUIDITY RISK**

Liquidity risk is the risk that CFC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CFC manages its liquidity risk by monitoring its operating requirements. CFC prepares a budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(B) **CREDIT RISK**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. CFC is exposed to credit risk on its accounts receivable. CFC monitors its accounts receivable regularly and do not expect to have any uncollectible amounts. The credit risk has increased due to COVID-19.

(C) **MARKET RISK**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CFC is not exposed to significant foreign currency risk.

(ii) **Interest rate**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(iii) **Other price risks**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The CFC is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 3.



## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2021

### 8. EMPLOYEE FUTURE BENEFITS

**Defined contribution plan:**

The Pension Plan for the Chicken Farmers of Canada is a funded defined contribution plan providing pension benefits to employees. The contribution is a net percentage of the employees' annual income. The total contributions made by CFC under this plan in 2021 was \$172,841 (2020 - \$158,833).

### 9. UNCERTAINTY DUE TO COVID-19

On January 30, 2020, the World Health Organization ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the 'COVID-19 outbreak') and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on its rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity and future results of operations. CFC has postponed or cancelled several events, meetings and travel due to COVID-19.

Also, several projects and initiatives have been delayed or cancelled due to COVID-19 restrictions. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry and workforce.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the impacts and there are no additional adjustments required to the financial statements at this time.

The ultimate duration and magnitude of the pandemic's impact on CFC's operations and financial operations is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic is not predictable at this time.

### 10. COMPARATIVE INFORMATION

Certain 2020 comparative information has been reclassified to conform to the financial statement presentation adopted for 2021.

