Analysis of the Impacts of Supply Management on Small-scale Chicken and Egg Production

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Introduction
Sustainability involves economic, environmental, and social aspects (Friedmann, 2007 & MacRea et al, 1999). In order to achieve and maintain a sustainable system, there must be a balance of sustainability within the economic, environmental, and social aspects of that system. The concept of sustainability arises in conversations about our food system. With the diesel-powered mechanisms of Canada’s conventional food system in gear, the concept of sustainability is left behind. Canada is missing its mark in sustainability due to its reliance on fossil fuels and its focus on economics. A sustainable food system is one of the largest factors in governing the sustainability of a society (MacRea et al, 1993). By exporting and importing the majority of agricultural products, condoning large-scale operations that pollute the environment, and neglecting small-scale farmers, Canada is on track to eliminate the possibility of a sustainable food future. One of the guiding purposes of a nation’s food policy should be the nourishment of its people. When people consider eating locally, they call to mind the farmer in front of the red barn, hens in the coop, and a couple of cows in the field (Pothukuchi and Kaufman, 1999). Food is not produced in this way (Murray, 2000). Conventional agriculture has left traditional farming techniques in antiquity, to develop highly efficient mechanized mega-operations. These new means of production did not simply appear; large-scale operations are condoned by current agricultural policy. The greatest barrier to a sustainable food future is agricultural policy. The federal Farm Products Agencies Act (1985) is the top layer of supply management. This act aims to ensure a strong, competitive market for regulated farm products, and the protection of consumer interests (Farm Products Agencies Act, 1985). The agricultural system of supply management, intended to keep a balance of supply and demand within the market, has left small-scale farmers behind in the quest for something bigger and better. Ontario’s system of supply-management and its related policies create barriers to small-scale chicken and egg production. These barriers are caused by the economic focus within agriculture, which leads to a push for constant growth and streamlining of a specific product. Small-scale producers are not equipped to handle this pressure.

Ontario must resuscitate small-scale farms in order to provide consumers with access to good food. A regional food system would promote direct producer-consumer interactions, keep money within the local economy, and reduce stress on the environment (Friedmann, 2007). Each of these factors makes a regional food system a winner across all three bases of sustainability (Friedmann, 2007).

The supply management legislation in the Farm Products Marketing Act, (1990) governs the actions of two key supply management bodies: Chicken Farmers of Ontario and Egg Farmers of Ontario. The implications of the supply management policies on small-scale producers are a barrier to creating a sustainable food future. The upcoming Trans-Pacific Partnership free trade agreement has the potential to exasperate the issues faced by small-scale chicken and egg farmers. Measures have been taken to alleviate negative implications of agricultural policy on small-scale producers. The outcome of these efforts will provide insight for drafting recommendations for reform of Ontario’s supply management system.

1. How the System Works & Implications for Small-scale Producers

1.1 Federal
The federal Farm Products Agencies Act (1985) is the top layer of supply management. This act aims to ensure a strong, competitive market for regulated farm products, and the protection of consumer interests (Farm Products Agencies Act, 1985). The Farm Products Agencies Act requires that a marketing board be established to achieve these objectives. Marketing boards are the lifelines of the supply management regime, assessing the demand for an agricultural product and then dividing up the total demand amongst farmers in a value called ‘quota’. Quota is a right to produce a certain amount of the total demand of a product. The demand for agricultural products is subject to change and so the amount of quota available to farmers is also subject to change. Supply management ensures there is never too much or too little of a product within the system, which maintains competitive prices. Egg Farmers

In 1973, Minister of Agriculture Eugene Whalen announced the establishment of the Canadian Egg Marketing Agency, under the Farm Products Agencies Act (Egg Farmers of Canada, 2015). Now known as the Egg Farmers of Canada, this is Canada’s national egg marketing board, responsible for dividing quota up amongst the provinces and territories. Chicken Farmers of Canada was established in 1978 as the national marketing board responsible for dividing chicken quota between the provinces and territories (Chicken Farmers of Canada, 2015).

The Farm Products Agencies Act gives Egg Farmers of Canada (EFC) and Chicken Farmers of Canada (CFC) the power to develop a plan for the marketing of their products in Canada. These programs are mandatory, and they charge a levy fee to their users. Examining the federal regulation gives a context for understanding how the supply management legislation functions on a provincial level.

1.2 Provincial

The next layer of the supply management onion is the Farm Products Marketing Act (1990). The Farm Products Marketing Act (1990) is similar to the Federal Farm Products Agencies Act in that it allows for the establishment of marketing boards, to promote efficiency in the production and marketing of a regulated product. The Farm Products Marketing Act guides the operation of the Ontario Farm Products Marketing Commission (OMAFRA, 2015). Ministry of Agriculture, Food, and Rural Affairs appoints the Commission to administer the Farm Products Marketing Act by providing leadership and education to marketing boards, and to develop and implement supply management policy. Chicken Farmers of Ontario and the Egg Farmers of Ontario are provincial marketing boards operating under the Ontario Farm Products Marketing Commission.

In the letter of the law, the purpose of the Farm Products Marketing Act is to keep a tight reign on the production and marketing of agricultural products, promoting increased growth and efficiency. The Act (1990) states an intention to “provide for the control and regulation in any or all aspects of the producing and marketing within Ontario of farm products...” It is important to note that, from the beginning, the intention of the Act is for oversight by the provincial marketing boards. Under the Farm Products Marketing Act (1990), Chicken Farmers of Ontario (CFO) and Egg Farmers of Ontario (EFO) are authorized to prohibit anyone from producing poultry and eggs without quota. This ensures the efficacy of supply management. If producers were not quota holders, they could be clouding up the market with an alternative product, taking consumers away from the industry regulated product.

Compliance is compulsory. The Act gives the Ontario Farm Products Marketing Commission, and thus EFO and CFO, power to enter any lands or premises used for the production of any regulated product, and to perform counts or seize any documentation produced with regards to the product (Farm Products Marketing Act, 1990). This reflects the level of precision at which the supply management system runs. Under this regime representatives from EFO could enter a farm’s premises where a couple is producing eggs for themselves and their community and seize documents related to the egg production. If the eggs are found to be outside of quota the couple is contravening the Farm Products Marketing Act (1990). Doling out this kind of authority to a marketing board makes it clear that the industry wants complete control over production.

Section 21 of the Farm Products Marketing Act (1990) makes regulations that require chickens and eggs be produced on a quota basis. The Act authorizes the marketing board to prohibit producers to produce without, or in excess of, allotted quota (FPMA, 1990). The Act also states that any product produced without quota can only be sold on the farm premises. If a small-scale producer, without quota, chooses to sell their chicken or eggs at a farmers’ market stall, they have contravened the Farm Products Marketing Act. As a result, an injunction may be sought, fines may be charged, and birds and/or eggs can be seized (OMAFRA, 2015). Strict adherence is required for supply management to function properly. Unfortunately, the requirement to only sell on the farm premises manifests severe barriers to farmers hoping to break even. Allowing sale only at the farm gate severely limits the consumer pool a producer has access too, and could make production financially unsustainable altogether.

The Farm Products Marketing Act (1990) and its ensuing marketing boards attempt to stimulate Ontario’s agri-business sector (OMAFRA, 2015). The 2014-2017 Ontario Farm Products Marketing Commission Business Plan indicated one of its main objectives as stimulating Ontario’s economy, particularly through job creation. A second objective is to have an agri-business sector that appears competitive both nationally, and internationally. The Commission delegates its power to the Chicken Farmers of Ontario and the Egg Farmers of Ontario to achieve these objectives.

It would not be incorrect to refer to Ontario’s economy, and specifically the agricultural sector, as a form of politically-coordinated capitalism (MacRea et al, 1999). This system faces a readjustment of prices periodically in accordance with a goal of maintaining large-scale production. This current direction does not include small-scale producers. It is unlikely that small operations will stimulate the provincial economy or create jobs. Or perhaps even worse, small-scale producers could potentially take some business from the big producers. Small-scale producers are unable to keep up with the demand of processors, a key pressure that has led to an increase in the exclusion of small-scale producers. As populations grow and demand increases, the amount of quota available increases as well. The excess quota is distributed amongst the largest
operations, in good economic sense, to avoid dealing with a multitude of small producers. The large producers ramp up on production, and the small producers fall behind. This saves time, money, and increases consistency within the product. These are key for maximizing efficiency and profit.

There is a value discrepancy between what the industry wants the producer to value and what the small-scale producer genuinely values. Ontario’s poultry and egg production legislation fails people who want to grow and sell local food on a small scale. Small-scale operations are often multi-income operations, forgoing one revenue stream and opting for multiple varied streams. Eggs might be something a vegetable farmer, who also has a part-time job, wants to produce on the side. Perhaps a schoolteacher wants to grow heritage breed meat birds for their community. Efficiency and economic growth are industry objectives laid out in provincial policy, and not the values of these small-scale producers. Overall, the Chicken Farmers of Ontario do not effectively represent the widely-ranging group that makes up the real-life chicken farmers of Ontario. This is a key barrier to the success of small-scale chicken producers in Ontario.

1.3 Egg Farmers of Ontario

Egg Farmers of Ontario operates on the ground as the marketing board for all egg production in Ontario. Echoing the Farm Products Marketing Act, Egg Farmers of Ontario states that no eggs shall be marketed outside of quota (EFO, 2015). This means that EFO will not allow the eggs to be sold on the industry market. Eggs produced without quota must be registered and produced by a small flock not exceeding 100 hens. Eggs produced without quota can only be sold on the farm premises. Purchasing quota for a bird costs between $250-$300. Due to the high cost of purchasing quota directly, most new farmers access the supply management system by purchasing quota from another farmer. With the median flock size in Ontario at 23,000 birds, it is evident that having a small flock is not typical. Fewer than 100 laying hens means that the producer lacks the benefits provided by the marketing board, and can sell only at the farm gate. Egg production only makes financial sense for the producer who has an intention of going large-scale.

One of the largest barriers to small-scale egg production is the lack of available infrastructure, such as registered grading stations (Metcalf, 2010). A registered grading station is where eggs are inspected, sized, graded, packed, and marketed (EFO, 2012). EFO regulations state that grading stations may not provide services on eggs from a producer who does not hold quota. Producers with over 100 hens are required to sell their product to a grading station in order to market their product off the farm premises. Similar with most agri-business, there has been a scaling-up in size and a decrease in the number of egg processing facilities (Farms at Work, 2015). The total number of eggs produced as quota increases is about 1.5% each year, yet the number of farms who hold quota decreases (Farms at Work, 2015).

Single-product farms are spreading across the landscape like beet juice on a white shirt; these farms are ballooning out, encompassing more space and increasing their production. As these farms increase in size, less and less of the landscape is speckled with diversified farmers. Grading stations are few and far between as the distance between farms increase. Often large farms will have their own integrated grading station, and they will remove themselves from needing to use an external grading station for processing (Burnbrae Farms, 2015). There is an incentive to grow the company to a size where it can integrate its own grading station, because it increases efficiency for that producer. This limits the accessibility of grading stations by small-scale producers who do not have a desire to grow to a large-scale. It is more feasible for small-scale farmers to not exceed 100 hens and not leave the farm gate to sell their product than to attempt to access a grading station.

In 2014, there were 322 egg producers registered with the Egg Farmers of Ontario (AAFC, 2014). Meanwhile, here were 63 egg-grading stations in operation at that time. On top of the distance between small producers and grading stations, there is the need to consider the sheer volume of eggs that these grading stations receive. If each of the 322 egg producers in Ontario has upwards of 23,000 laying hens and they all bring their eggs to the same 63 grading stations, there is undoubtedly doing to be a processing jam. Unless, of course, the egg grading stations are highly efficient which happens to be the case. These grading stations are not small operations, grading 10,570,795 total boxes of Ontario eggs in 2014 (AAFC, 2014).

Efficiency works well for large-scale producers who can input high quantities of eggs and receive a large quantity of product in return. For the small-scale farmer, the input of eggs in to this highly-efficient grading system is not useful. The eggs that small-scale farmers contribute are often produced to fill a niche market, such as organic or free-run (Farms at Work, 2015). These eggs, worth more on the market, go in to the grading station and due to the high volume and level of mechanization, any eggs can be returned to the producer (Farms at Work, 2015). For the small producer the input does not always equal the output, as their specialty eggs are often not returned to them.

Egg loss is not the only cost of the system. EFO runs financially on levies charged to producers per amount of product marketed (EFO, 2015). With major loads of their product being processed, large-scale producers can afford the levy fees. For a small-scale producer, even if they could find access to a grading facility, the levy fees charged by EFO might itself be enough to make egg production unsustainable (Farms at Work, 2015).

Egg production by 1500 small-scale, non-quota farmers accounts for less than 4% of egg production in Ontario (EFO,
1.4 Chicken Farmers of Ontario

The Chicken Farmers of Ontario policies are similar to those of the Egg Farmers of Ontario. Under the Farm Products Marketing Act (1990), CFO requires that all chicken produced in Ontario must be produced under quota (CFO, 2012). Small-scale farmers are allowed to produce a maximum of 300 chickens a year for consumption by themselves and their family without quota. This is done through an application for quota exemption. Above 300 birds a producer must be licensed with CFO and have quota. A small-scale producer can exist but they cannot market their product off the farm premises.

A producer with a flock under 300 birds will not have access to processors in the same way that a larger producer would (Farms at Work, 2015 & Metcalf, 2010). CFO requires that all chicken produced as quota be sold only to the processor. Since a flock under 300 is not produced as quota, the processor will not be able to purchase the chicken. If the processor cannot purchase the chicken, no one can purchase the chicken unless it is on the farm premises. This severely limits the small-scale farmer, because they are unable to sell their chicken and therefore unable to have their chicken processed. Such a hefty limitation makes having a chicken operation under 300 chickens unfeasible.

Similar to the situation in egg production, there is an accessibility issue that needs to be addressed. In 2014, there were 1018 chicken producers registered in Ontario (AAFC, 2014). In the same year, there were a mere 17 registered chicken slaughter plants. These numbers are staggering; Ontario produces approximately 33% of Canada’s chicken through these 17 processing plants (Murray, 2000)! Ontario is 1 076 395 km²; if 17 plants are accounted for and assumed to be evenly distributed throughout Ontario, there would be one plant every 63 317 km². However, these plants are not evenly distributed, and are mostly situated around southern Ontario (AAFC, 2015 & Murray, 2000). If a farmer wanted to get into chicken production, they must commit to ensuring that their product reaches one of these processing plants.

The limitations of small-scale farmers’ participation in chicken production are imposing by legislation. A farmer must either have quota and participate in the heavily regulated supply management system, or keep under 300 birds and only sell the product off of the farm. These options are not inclusive of the farmer who wants to grow just enough to bring to the farmers’ market or to supply their neighborhood. It would appear that this is the goal of the supply management system; without the small-scale producer, there is virtually no competition from outside the market.

2. Additional Considerations

2.1 Exports & Imports

When calculating the overall supply of a product, the marketing board in authority takes in to account all imports of that product (OMAFRA, 2015). In 2013, Ontario had a total supply of 289,765,000 dozen eggs; 39,401,000 dozen of those eggs were imports. Measures are taken to ensure that imports into the chicken and egg industries are limited. The marketing boards and processors within the system set the prices of supply-managed products. Price management is a tool used to control and maintain steady prices, without losing traction due to a flood of imports in the market. If there were a flood of cheap egg imports in to the system in Ontario, EFO would ensure that the price paid for eggs would not decrease. Every eight weeks, CFO meets with grading stations to determine a fair price for eggs (CFO, 2015). Frequent meetings are an attempt to keep the price stable throughout fluctuations in imports.

In addition to controlling domestic prices, high tariff rate quotas are applied to imports over a certain quantity (OMAFRA, 2015). Tariffs ensure that it makes very little financial sense for a producer to have too much product imported to Canada. This is a way of ensuring that the quota available within Canada is valuable, and not cheapened due to an increased availability of cheap imports.

2.2 Trans-Pacific Partnership

The tactics to control the influence of imports on the total supply of a product might not be enough to truly protect the integrity of an industry. The push within supply management for continued growth, expansion, and maximization do not indicate any recognition of our need to support small-scale agriculture. Canada, and Ontario, might consider bursting the bubble that is the large-scale farming enterprise, and redistributing the rights of production amongst a high number of small-scale farmers at home.

Allocating more quota to the international market is an irresponsible move that only denies quota to those willing to produce at home. The only difference is those at home are demanding a fair price. The new draft free trade agreement called the Trans-Pacific Partnership makes the threat of increased imports very clear. With a proposed plan to lower the tariffs on agricultural imports, this agreement opens the egg market to 2.3% of annual production from imports, and the chicken market to 2.1% from imports (Global Affairs Canada, 2015). Because small-scale producers are already facing difficulties participating in the supply-managed systems, the Trans-Pacific Partnership (TPP) is likely to further snuff small-scale producers. Ratification of this agreement...
may hinder progress towards sustainable small-scale chicken and egg production in Ontario. Attention will be on sourcing cheap food within the world market, and ignoring the glaring need to address those trying to make a living in Ontario’s agriculture industry.

Goals of the TPP in terms of agriculture include addressing tariff and non-tariff barriers, through increased regulatory cooperation, methods to address technical barriers, as well as methods to streamline border interactions (Global Affairs Canada, 2015). To provide some consolation to Canadian supply-managed agriculture the federal government is offering $4.3 billion in subsidies beginning the day the TPP comes in to effect. $2.4 billion of this is going to be used to provide 100% income guarantee to producers for up to 15 years after the TPP becomes active. $1.5 billion has been allotted to guarantee the value of quota after it has been sold. These programs are shortsighted, only providing income and quota value guarantees for the next 10-15 years, or until funding runs out. This does not apply to small-scale producers. These programs are a way of weaning off of a Canadian-based chicken and egg market. After the period of 10-15 years is over, there is no promise of continued protection for small-scale producers in terms of monetary stability. The attention within the supply management system will be on keeping Canadian chicken and egg producers in business.

Two programs were announced in accompaniment of the TPP as a means to protect the interest of Canada’s supply management system (Global Affairs Canada, 2015). First, $450 million has been set aside to fund a Processor-Modernization Program. The goal of this program is to stimulate growth by increasing the efficiency and competitiveness within supply-managed systems. This program might stimulate the rivalry between current competitors, but it surely will not assist small-scale producers hoping to break in. Second, the TPP is accompanied by the introduction of a $15 million Market Development Initiative. This initiative will assist marketing boards to promote and market top-quality product. Chicken and eggs produced on a small scale are top-quality with regards to producer values, such as animal welfare and consumer choice; however, these products are not top-quality in the eyes of a system that feeds on consistency and efficiency. The Market Development Initiative is a further exaggeration of the small-scale exclusion problem. The Initiative is a guise for giving a break to the producers deemed to be top-quality by the standards of the marketing boards themselves.

The Trans-Pacific Partnership threatens to allow Canadian food to come from increasingly international sources. Canada is failing to deal with the impending dangers that exist at home, most importantly the loss of the family farm, climate change, and the critical need to shift towards a sustainable future. Reducing trade barriers to allow cheap imports, securing those who are already in the business, and providing assistance to those who are already on top does nothing to address the pressures that are weighing on Canada’s agricultural sector. It is unlikely that the programs set in place in the TPP to protect and preserve Canada’s supply management system are going to come to fruition.

### 3. Efforts to Alleviate Exclusion of Small-scale Producers

#### 3.1 Egg Farmers of Ontario New Entrant Application

There are two sides to every story; it would not be a fair argument without recognizing the moves made by the Egg Farmers of Ontario in recent years. Adversity faced by small-scale farmers in the supply management system is a matter of great concern for new farmers hoping to break in. New farmers face the challenge of making huge investments in their new operation in order to get off the ground. Ontario Ministry of Food and Rural Affairs recommends using current assets as security for loans when attempting to begin a new farming operation (OMAFRA, 2015).

In 2011, Egg Farmers of Ontario announced the development of a New Entrant Quota Loan Pool (NEQLP) program aimed at mitigating the difficulties faced by new farmers (EFO, 2015).

Producers apply through EFO to the NEQLP program, which awards up to 10 000 units of quota per year to successful applicants (EFO, 2015). The loan is administered on a 1:2 ratio with quota that the producers must purchase for themselves. For every 500 units of quota an individual purchases, the EFO will loan 1000 units. For ten years the quota is loaned to the producer, and in the 11th year the producer pays back 10% of the loan, continuing on until the loan is fully reimbursed to EFO in the 20th year. NEQLP would benefit an applicant in the long-run only if the applicant were to increase their purchased quota annually to a point where it would not detriment them to return the loaned quota beginning in year 11. The Program is helpful for a producer who needs an extra push when taking off in to large-scale production.

The NEQLP does not benefit small-scale producers, predominantly because these producers are already faced with difficulty purchasing quota. By taking the plunge to acquire a small amount of quota in order to be eligible to apply for this program, a small-scale producer would be embarking on a risky venture. EFO doesn’t lay this out on the application, but a successful applicant would need to increase their purchased quota by at least double each year in order to pay back the loan. This indicates that the only real way to survive within Ontario’s egg production industry is to be large-scale. Alternatively, if a producer does not increase purchased quota they will not have enough quota to pay back the quota loan to EFO, nor continue their operation into the future.

As well as having the ability to purchase quota, an applicant must have no other quota allotted to them in order to be eligible for the NEQLP (EFO, 2015). For example...
As discussed earlier, the small-flock program required that which CFO now calls the Family Food Program (CFO, 2015). EFO’s goals are made clear by the NEQLP: bigger, “better”, more efficient.

To continue with the exclusion of small-scale producers from the NEQLP, a letter of support from a registered grading station must be provided to the EFO as a part of the NEQLP application (EFO, 2015). The difficulty of small-scale producers in reaching the sparsely-situated grading stations exposes the exclusivity of the NEQLP application. Without access to a grading station a small-scale farmer is not going to be able to obtain a letter of support to accompany their application. Furthermore, the NEQLP program also requires that all eggs produced as a part of the program go through a registered grading station.

In effect, the NEQLP is an insufficient attempt by the Egg Farmers of Ontario to give young egg farmers a boost. By tacking on double what the farmers are available to pay for in quota, the EFO can make egg production a real possibility for some new farmers. The loan-based program is a definite option for farmers looking to gradually grow into a large-scale operation. The requirement of owning no quota of another kind at the time of application shows that EFO wants one-product producers. Proving that the applicant has had no previous quota held in any supply-managed market strengthens EFO’s need for commitment and devotion from the producer. A letter of support from a registered grading station gives insight for the location and demographic of people EFO is appealing to with the NEQLP. This program provides no assistance to the artisan who needs help, but puts operators with big intentions on the fast track to the future. And it might not even be doing that, with just 2 out of 26 applicants selected for the loan program in the 2014 cycle (EFO, 2015).

3.2 New Chicken Farmers of Ontario Programs

During the summer of 2015, after six months of negotiations between farmers, the public, and industry stakeholders, Chicken Farmers of Ontario announced changes to its programs (CFO, 2015). These Programs are aimed at addressing the exclusivity of CFO’s current programs. The marketing board disclosed plans to ease restrictions on small-flock farmers and to restore production aimed at supplying local markets.

The first of the changes was to the small-flock program, which CFO now calls the Family Food Program (CFO, 2015). As discussed earlier, the small-flock program required that producers with fewer than 300 birds officially register their flock with CFO, though they did not have to purchase quota. Registration allowed CFO to track an increase from 13,000 to 15,000 small-flock farmers over the course of five years. A 3% increase in small-flock registrants occurred between 2013 and 2014 where the average flock size was 65 birds. Pressure on CFO to adapt to the upsurge in small flocks resulted in the CFO’s adoption of the Family Food Program.

The Family Food Program is similar to the small-flock program, as it offers quota exemptions and fee waivers for flocks under 300 birds (CFO, 2015). CFO allows Family Food farmers to sell chicken on the farm premises only, not at the farmers’ market or elsewhere. Perhaps due to exhaustion from its role as the hovering parent, watching small-flock farmers every move, CFO has relaxed its rules. Applying to the Family Food Program involves requesting a quota exemption from CFO and proceeding to order no more than 300 chicks from a hatchery. CFO has recognized that raising chickens is a practice much older than supply management itself, and that stringent regulations produce defiance. The people wanted something more; more farmers were signing up as small-flock, but they weren’t interested in on-farm sales and consumption. They wanted to sell their product. That much is clear. The small-flock program was renamed the Family Food Program as an effort to realign the name of the program with its core values. As for the increasing amount of farmers intent on producing small-scale and selling their product, CFO addressed their concerns as well.

CFO announced that these new programs are the company’s response to the “changing needs of Ontario chicken farmers and consumers” (CFO, 2015). The Artisanal Chicken Program is the CFO’s response to small-scale producers who intend to sell their product, and the increased consumer desire for that kind of niche market product. Development of this program involved extensive consultation with the public, producers, processors, retailers, and government stakeholders. The Artisanal Chicken Program has no set number of applicants that will be selected for the program. CFO indicates that the new Program will account for 5% of total annual production in its beginning stages. It would be safe to predict the percentage of annual production allotted to the Artisanal Chicken Program to increase, as farmers seek to fill the niche and consumers increase the demand. The solidification of this program is only a drop in the proverbial bucket of sustainability.

The Artisanal Chicken Program is suitable to farmers looking to produce between 600-3000 birds annually (CFO, 2015). This program requires that the producer purchase a production license, but not quota, and allows production for select target markets. The Artisanal Chicken Program states some facets of its purpose as producing a local, seasonal product, and using consumer-preferred production methods. According to CFO, the job of the farmer is to foster a dialogue between producers and consumers in order to successfully meet consumer demands.

It might be too soon to see through the legislation and pick up on its loopholes, but it looks promising. The terms local,
small-scale, and traditional appear multiple times throughout the policy statement. The Program makes reference to ‘creating value’ within our communities, staunchly different from the capitalist concerns of conventional agriculture. Despite acknowledging that the language used could be a tactic to convince the public of CFO’s sparkling level of social responsibility, it is important to recognize the successes for what they are. The Artisanal Chicken Program will provide some room for small-scale food production. This program is going to allow many people to become farmers who otherwise would not have considered it. It is a win, so far.

One challenge faced by small-flock producers is the distance between production and processing. The significance of this concern with regards to the Family Food Program is low, because this program does not require that birds be processed at registered facilities. For the Artisanal Chicken Program, however, distance to an abattoir could potentially be a significant barrier. If there are no changes to the frequency and distribution of processing plants across Ontario’s landscape, then this program might be a bust. Fortunately, CFO does make reference to building artisanal chicken business community partners, which includes “Artisanal Chicken Abattoirs” (CFO, 2015). If this is the case, perhaps the intention of CFO is that Artisanal producers will vertically integrate abattoirs into their business plan and develop production and processing facilities simultaneously. Perhaps another intention is that small communities will develop artisanal abattoirs for use only by the artisanal producers within that community. This could be an issue for small communities where one producer registered as an Artisanal Chicken Farmer might crowd the entire market within the community, limiting the space on the market left for other nearby chicken producers. Again, it may be too early to tell what the long-term implications of the Artisanal Chicken Program will be, but for now the concept of the program carries promise.

Left out of the spotlight, but worth consideration, is the glaring gap between the Family Food Program and the Artisanal Chicken Program. Family Food allows production up to 300 birds. The Artisanal Chicken Program begins with 600 birds. CFO makes no mention of what happens to farmers who have 350, 400, or 550 birds. The real trouble here might begin when Artisanal Chicken producers are still too big to share the market with other producers, and the Family Food producers are too small to sell their product. The gap in the middle is where many farmers might lie, waiting their turn to comment on the absurdity of CFO to glaze over this vast area.

It may be safe to predict that there will be more farmers registering as Artisanal Flock Farmers as opposed to Family Food farmers. People are going to want the opportunity to sell their meat and will leap from Family Food Program to Artisanal Flock to do that. Eventually the entire chicken market in Canada will feel the ripples of this leap. There is a growing awareness of the need to question where our food comes from before we eat it, and there has been a trend of young people striving to get back to the land to farm for their families and communities. The Artisanal Flock Program will open the doors to farming for dedicated and hard-working people.

The third and final of CFO’s additions is the Local Niche Markets Program (CFO, 2015). This Program is intended to support producers who intend to supply a specific local market. Producers will have access to between 1000 and 10,000 units of quota, equating to between 6000 and 60,000 birds annually. Current producers are eligible to transfer their existing quota to the Local Niche Markets Program through a Quota Transfer Application. Producers who are part of the Local Niche Markets Program must adhere to the same regulations and safety qualifications as the regular quota holding producers.

The Local Niche Markets Program pales in comparison to the Artisanal Chicken Program. With evident merits, the Artisanal Chicken Program is on its way towards success. The Local Niche Markets Program appears as an attempt by the Chicken Farmers of Ontario to amalgamate a group of producers in to a conglomerate and slap a ‘local’ label on it. The production requirements for the Local Niche Markets Program are between 6000 and 60 000 birds annually (CFO, 2015). The current average farm production is 82 000 birds annually, meaning that while some producers hover above and at 82 000 birds, many have less than this amount (CFO, 2015). These producers would be eligible to transfer in to the Local Niche Markets Program.

The difference between the regular program and the Local Niche Markets Program may not be significant. The small differences in the Local Niche Markets Program could be more of a strategy to change the face of the Chicken Farmers of Ontario, with only slight alterations to actual practice. Monitoring the amount of provincial quota allotted to the Local Niche Markets Program compared to the Artisanal Flock Program each year should allow the truth to emerge. Both programs are beginning in the first year with 5% of Ontario’s total annual allocated new growth (CFO, 2015). This is not 5% of Ontario’s total allocated growth, but 5% of Ontario’s total new growth; these numbers are very small in reality.

Optimism would support the hope that, if successful, the programs would be allocated more than 5% each of Ontario’s new growth each year. If the Local Niche Markets Program ends up being allocated more quota than the Artisanal Chicken Program, CFO might be questioned about how this came to be. The actus reus would be insincerely using buzzwords such as ‘local’, ‘niche’, and ‘community’ in its new programs. The mens rea would be CFO’s intention to convince the public it has taken socially responsible actions at reducing barriers faced by small-scale farmers when in fact it has failed to do so. Allocating more production to the Local Niche Markets program would be a problem; while the program has a lovely title, its intentions aren’t all that different from those of a regular producer. Where things really change is in the Artisanal Chicken Program, which is where the majority of new quota
needs to be allocated in order to achieve a sustainable food future, and justice for small-scale farmers.

4. Recommendations for Reform

There is an increasing demand from consumers for specialty food products such as organic and free-range poultry and eggs (Metcalf, 2010 & Friedmann, 2007). The current regime is not serving every demographic of farmer (Murray, 2000). An adaptive regulatory framework is going to be an essential part of a smooth transition to accommodating these demands in the future. Supply management will be incapable of meeting the changing needs of consumers without answering the call for a sustainable food future. It might be argued that the two can co-exist, but supply management and sustainability may be hard pressed to reconcile their intrinsic differences.

4.1 Adaptive Frameworks

One of the first problems with the supply management system for poultry and egg production in Ontario is that it traditionally has not allowed for product diversity (Metcalf, 2010 & MacRea et al, 1999). The system is set up in a way that con-dones uniformity across the production line. Top-tier pressure for consistency weighs on farmers, leading them to implement identical production facilities and regimes to guarantee that their product blends in with others on the market. For example, a farmer might feel pressured to produce a certain breed of chicken because it is the same size at slaughter as all other birds of that breed. Other chicken farmers then adopt that breed of bird, because it increases uniformity and therefore efficiency. A farmer under this kind of pressure might neglect their desire to produce a heritage chicken that can withstand a cold winter, or perhaps a rare breed whose genetics are in need of revival. The pressure for uniformity can be felt all across the supply management system and is one of the causes for the exclusion of small-scale producers. Breaking out of this regime is going to be crucial to meeting consumer needs and creating a sustainable food future. The gradation of programs implemented by the Chicken Farmers of Ontario for the Family Food Program, Artisanal Chicken Program, and Local Niche Market Program, reflect (at least in part) the values of sustainability, diversity, fairness, and progress as a whole. CFO’s new programs have begun melting the walls of the supply management cathedral, giving a little power back to consumers and producers alike. Egg Farmers of Ontario would be wise to take note.

4.2 The Cost of Supply Management

There are many costs of supply management, and monetary fees are just one variety. Supply management simply costs too much for small-scale producers to take part in (Murray, 2000). Assuming a new producer already owns land and an equipped production facility, the main cost associated with supply management is the investment of quota (OMAFRA, 2015). As mentioned earlier, often small-scale producers have their hands in an array of projects, and poultry and/or egg production is only one of them. Small-scale producers cannot afford to invest in quota, because it does not pay back any return (Farms at Work, 2015 & Metcalf, 2010). Prices in poultry and egg production are set between the EFO and the grading stations, and between CFO and abattoirs (OMAFRA, 2015). These prices are set based on a uniform product (Farms at Work, 2015 & Metcalf, 2010). What is not reflected in prices are factors that may be important to a small-scale producer, including the added value of heritage breeds, organic, local, and free-range. In fact, finding an average cost of production for alternative farming practices has proven nearly impossible. High diversity amongst practices means that putting an average monetary value on the alternative product is difficult, and most definitely not uniform.

The inability of small-scale producers to participate in the supply management system due to cost has gone on far too long. CFO has made progress by adopting their new programs in the summer of 2015 (CFO, 2015). The Artisanal Chicken Program does not require the producer to purchase quota, reducing the overall cost of participation. This is a first step at breaking down the cost barricade between small-scale and supply management. Letting go of some control is going to be crucial for marketing boards if they want to continue operating into the sustainable food future. The consumers want a diversity of productions. Allowing the producer to meet these demands through diversified programs within the supply management system is a first step for reform. Diversification allows for both the producer to take only the quota they need, and the consumer to choose a product they approve of. Time will tell if CFO is successful, and if so, CFO will be a model from which to base future agricultural reforms.

4.3 Lack of Access to Processors

A substantial roadblock for both poultry and egg production is access to abattoirs and grading stations, respectively (Farms at Work, 2015 & Metcalf, 2010). With an inability to access processing facilities, a producer can be completely cut out of the supply chain. A change needs to be made to facilitate the growth of a consumer-driven market. If consumers want diversified product, then marketing boards have to give them that. If the marketing boards are demanding that, then the producers will need to produce it. The steps are simple but the issue is not. Do we build more grading stations and abattoirs? Do we ignore the problem?

To address the issue of grading stations, requiring small-scale producers to have their eggs graded at a registered grading station is unnecessary. This requirement negates any notion of an intrinsic ability of a farmer to grade his or her own product. Small-scale producers most often use the kind of production techniques and features that produce healthy birds, such as grass, fresh air, sunlight and space to walk around (OMAFRA, 2015). Conventional agricultural techniques re-
quire that birds be medicated in order to avoid disease, and have beaks trimmed in order to avoid death amongst the flock. These techniques reflect less-than-humane treatment that deserves to have its product graded on a letter system and up to the Canadian Food Inspection Agency standards.

Eggs produced on a small operation have no need to be graded by this system. OMAFRA (2015) indicates that the goal of the registered egg grading facility is to ensure safety and quality of eggs sold to consumers. It alludes to its seemingly-complicated candleling process by which the interior of the egg can be seen and cracks on the eggshell can be detected. Further, OMAFRA (2015) indicates that eggs must be graded in order to avoid cracked, leaky, or dirty eggs from being sold to consumers. Egg production on this scale is not food, but a business. The grading system is a business tool, and not a tool required in order to produce a top-quality product. An egg farmer who is on the ground working with his or her birds knows where the risks are and knows which eggs are safe and which are not. The grading system is rendered futile for small-scale producers. One may even argue that assessing egg quality before consumption is instinctual, as most people check their eggs from cracks before purchasing them at the supermarket anyways.

Chicken Farmers of Ontario’s new Artisanal Chicken Program indicates that chicken must be processed in a registered “Artisanal Chicken Abattoir” (CFO, 2015). It is unclear if new abattoirs are going to be built, or if old abattoirs are going to be converted to serve this purpose. One of drivers to have the Artisanal Chicken Program is that a producer does not want to lose their specialty product within the conventional abattoir. In order to address this problem it would be beneficial to reserve sections of conventional abattoirs to only be used for specialty products (Metcalf, 2010). This solution would offer protection of the specialty product from intermingling with the conventional product during processing.

However, there are some limitations to this solution. Specialty products from one farm may intermingle with specialty products from other farms. This could lead to small-scale producers losing their product within the specialty section of the abattoir, negating the purpose of the specialty section. A second key issue is defining the term specialty (Metcalf, 2010). Is a rare breed specialty? Are all small-scale products specialty? These kinds of distinctions would need to be crafted and implemented within the small-scale production section of supply management.

All in all, a real solution to the access problem might be building more processing plants, including mobile options. While the issue of losing track of specialty products is an issue, the lack of accessibility in terms of distance is a far greater one. Smaller plants dispersed on the landscape means greater accessibility and stronger producer-processer relationships. This concept has been termed ‘regional food clusters’, and includes the smaller-scale, flexible processing (Metcalf, 2010). This solution would not only provide greater access, but it would increase the ability of a smaller community to sustain itself (Friedmann, 2007). Currently, lack of resources and legislative barriers block the progress of this kind of regional food cluster.

If grading facilities were to become more numerous, it would not be an issue for a producer to have their product graded. A regional food system, which includes production and processing, would bring control back to the hands of the communities in which food is grown. The most important step to bringing forth this kind of food system is going to be the work done by everyday people. As we’ve seen with the CFO’s new programs, changes come when the people call for them.

4.4 Solutions

Pamela Warhurst, a community food advocate and Chair of Great Britain’s Forestry Commission, founded Edible Incredible in her hometown of Todmorden in 2010 (Ted, 2015 & Incredible Edible, 2015). Edible Incredible is volunteer lead group that works to grow food in the town of Todmorden, Great Britain. From community gardens to classrooms, Edible Incredible works to reconnect the people of Todmorden to the place in which they live. As a part of this project, Pam began the program ‘Every Egg Matters’. The goal of Every Egg Matters is to make Todmorden self-sufficient in their egg supply. The Edible Incredible website has resources for those interested in purchasing and/or producing eggs, and the group has produced a map of about 50 farmers in the Todmorden area willing to sell their eggs within the community (Figure 1). Communities in Ontario have considered this option.

Producing a map of small-scale egg producers in a community shows exactly where egg production is located within the community, as well as where consumers can purchase eggs directly from farmers. Providing this information to the community means that the producer is able to make a profit off of egg production. It also means the consumer has access to eggs that were produced in a way that has consumers’ approval. The problem is the marketing boards; Ontario’s chicken and egg producers are prohibited from marketing their product. This kind of map, however, is merely an informational tool used to indicate where farmers are located who sell at the farm gate. The transaction still happens on the farm premises, and the map is a sort of silent advertisement and marketing strategy.

### 5. Conclusion

When engaging with the legal system, it is important for consumers to remember they can incur change, even if they do not take part in writing agricultural policy. Change can come from the bottom up, so long as people believe it can, and act on those beliefs. Lobbying for the protection and livelihood of small-scale farmers is as simple as providing
support to them, as we’ve seen in Tobermorden (MacRea et al., 1999 & Edible Incredible, 2015).

Ontario’s chicken and egg supply management policies condone large-scale production, which creates barriers for the success of small-scale producers in the industry. Supply management is a whirlwind of regulation in need of reform. The Chicken Farmers of Ontario have made a start by offering a gradation of programs for various farm practices. Less oversight by CFO and EFO, and more sovereignty to farmers, would limit the barriers faced by small-scale chicken and egg producers. There needs to be a diversification of programs available for farmers to participate in, such as free-range and organic (Metcalf, 2010). The price of participating in supply management must be addressed, as well as the lack of access to processing facilities.

Recommendations have been made here, as well as by various working groups within Ontario (such as Farms at Work and the Metcalf Foundation), for building a way forward. The onus rests with the marketing boards, and more broadly the provincial and federal government, to make changes towards a sustainable food future; one that includes small-scale chicken and egg producers in Ontario.

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References


Farm Products Agencies Act, RSC 1985 c. F. 4.


