



Production Policies

(Updated December 2016)

Table of Contents:

<i>Item</i>	<i>Page</i>
II. Production	2
III. On Farm Food Safety Assurance Program and Animal Care Program	7
IV. Market Development Policy	11

I. Production

Leasing

Lease forms must be in the Chicken Farmers of Saskatchewan board office four (4) weeks prior to the lessees' chick placement date.

NO leasing-out of domestic allocation shall occur once a registered producer receives their notified MD allocation for that cycle, unless exceptional circumstances have occurred (ex. fire).

NO subleasing of quota shall be permitted.

Leasing applications will be done on a cycle by cycle basis, respecting other board orders and regulations.

Reference: Board meeting March 17, 2003, November 8, 2007, June 5, 2009, Board Order 59/11

Quota Transfers

(1) There will be a fee of \$350 per transfer application. Payment for the fee is to accompany the transferor's application.

(2) The application must be in the board office three months prior to the start of the cycle which is listed on the transfer application. Therefore an application which lists the transfer cycle beginning September 7th must be in the board office by June 7th.

(3) Applicants must fill out all forms, 'A', 'B', 'C' and 'D', attach a cheque for \$350 and include a letter of release from the sellers financial institution if the quota is being used as security. Failure to properly fill out all four forms will result in the application not being presented to the CFS board of directors for approval.

(4) Quota transfers dated greater than four months prior to the CFS Board office receiving the actual transfer will not be accepted and declined upon arrival. Dates for all accompanying documents must also be dated within the four month time period.

This policy will apply to all applications received after the May 26th, 2004 board meeting.

Reference: Board Meeting May 26, 2004, August 1st, 2007, June 16th, 2010, June 12, 2014, Board Order 55/11

Co-oping

The board has given consideration to whether co-oping is still an effective or proper tool relative to when it was implemented and the industry as it is today. Leasing is able to accomplish similar objectives and is the most consistent application to all producers.

Therefore, the CFS board has made the decision to end co-oping effective from period A61 and forward.

Reference: Board Meeting May 26, 2004

Producers changing processors:

Registered producers who plan to switch from the current processor to which they market their chicken to a different licensed Saskatchewan processing plant, or to anywhere other than with a licensed Saskatchewan processing plant, must provide:

- Notice to both processors in question and the CFS board no less than three (3) production cycles in advance of the anticipated switch. (Production cycles shall be defined as the established production cycle set out by the Chicken Farmers of Canada.)
- Notice of three (3) production cycles in advance means the producer will continue to market their chicken to their current processor for three (3) production cycles (inclusive) after notice is given.
- A producer would not be required to provide the three (3) production cycle notice if both affected processing companies indicate, in writing, that the said registered producer will be switching processors and both processors agree to an earlier switch date. This notice must be provided to the CFS board.

All transfers that take place must respect the three cycle time frame listed above, if the transferred base quota is being produced in the same production unit. If the base quota is not being produced in the same production unit (as listed on the transfer forms), the three cycle time frame would not be required.

Reference: Board Order 63/11 – Process for Changing Processors

Production Sleeve

A producer will be allowed to produce within a 6% sleeve around their allocated production with over or under production being re-assessed 6 cycles in the future. Therefore producers will be able to produce between 94% and 106% of their allocation with the over/under production to be assessed on their allocation 6 cycles in the future with no financial penalty. All production in excess of 106% will be deducted from their allocation 6 cycles in the future, as well they will be assessed a charge as per the schedule below.

Claw back over-produced kilograms will begin after 101% rather than 100%.

Production in excess of 106% will be assessed a 44 cent per kilogram charge, while production over 111% shall be assessed an 88 cent per kilogram charge.

Reference: Board Order No.74/14 – Over and Under Production

Weather Related Production Policy

Due to the extreme weather that may exist in the Province of Saskatchewan processors may request that farmers advance or delay their processing date. Based on written notification from the processor and licensed producer the licensed producer may be eligible for the following:

- If a licensed producer is requested to delay their processing date that producer will be given an allowance of 100 grams per bird per day. This allowance would exempt that producer from overproduction penalties, however the production would still be required to count towards their six-cycle carry forward production.
- If a licensed producer is requested to advance their processing day that licensed producer will be given an allowance to regrow 100 grams per bird per day six-cycles in the future for any production under 94% of their allocation.

Reference: Board Meeting April 2, 2014

Appeal Process

Any registered producer aggrieved by an act or omission of Chicken Farmers of Saskatchewan may file an appeal. The written notice of appeal, which is to be sent to the CFS board office manager/CEO, shall set out concisely and completely the reason for the appeal, including:

- The specific act or omission of the CFS;
- The date of the act or omission of the CFS;
- The grounds for the appeal, including the provision of the Saskatchewan Chicken Marketing Plan Regulations, 1978, the regulations made pursuant to the 'Plan' or order that the appellant believes that the CFS has contravened; and
- The grounds that the appellant has for believing that he or she has a sufficient personal interest in the subject-matter of the appeal.

Upon receipt of the written request for appeal, the CFS board office manager/CEO will contact the CFS board and advise them of appellant's formal appeal. The CFS board may decide not to hear the appeal if:

- The subject matter of the appeal is trivial;
- The appeal is not made in good faith or is frivolous or vexatious; or
- The appellant does not have a sufficient personal interest in the subject-matter of the appeal.

If the CFS board is satisfied that the notice of appeal has merit the following process will take place.

1. The Chair of the CFS board will determine the date and time of the appeal hearing if no other means (such as mediation) are deemed appropriate for dealing with the issue. The intent is to have such appeal hearing take place as soon as possible.
2. The appellant will be requested to send in any written arguments to the CFS board no less than 5 business days in advance of the hearing. As such any documentation that the CFS board office will be using will be sent to the appellant 5 business days in advance of the hearing.
3. The appeal hearing is conducted on the appointed date. Both sides have the right to legal representation and their right to bring witnesses on their behalf, this intention must be presented with accompanying arguments 5 business days prior to the appointment date.
4. During an appeal hearing, the CFS board will allow the appellant adequate opportunity to make representations and present evidence. The CFS board may take down in writing or record electronically oral evidence received, and receive all documentary evidence, to form the record of the proceeding.
5. At the conclusion of the hearing, the appellant is advised of when to expect a decision.
6. Within 15 days after the date of the appeal hearing, the CFS board shall serve the appellant with a written copy of its decision and the reasons for that decision.
7. The decision made by the CFS board may be appealed to the Agri-Food Council. Any appeal to the Agri-Food Council must follow the appeal process as set out in *The Agri-Food Act 2004*.

Reference: Board Meeting November 17, 2008

Procedures for Dealing with Producers of Issue

Complaints made against registered producers with respect to animal welfare will be dealt with by the CFS Board, respecting the enforcement procedures that have already been set out for food safety under the CFS OFFSAP policy. The following process may take place depending on the severity of the complaint. *(Note: The Board may use their best judgment and directly suspend or cancel a registered producer's license if deemed necessary, Section 9, Agri-Food Act 2004).*

1. The CFS board will analyse the validity of the complaint to ensure that a true issue exists. To validate the board may speak with any other stakeholder to gather information.
2. If the complaint is valid, the CFS board will write a formal letter to the registered producer. This letter will outline the issue at hand and may request a face-face meeting as soon as possible with the CFS.
3. If deemed necessary the registered producer (along with those involved with day-to-day operations) will meet with the CFS, as well as any other relevant stakeholders that the CFS agrees to, to discuss the issue at hand and possible solutions to the problem. At the

conclusion of this meeting an action plan going forward including negative consequences for a continuation of the problem will be finalized by the representatives.

4. Within the days following the meeting, the CFS board will notify the registered producer with a formal action plan that was discussed in the meeting. This notice will also include the consequences for a repeat offence.
5. In the event that the registered producer receives another complaint after consultation with the CFS:
 - a. Request another meeting to discuss a revised action plan, or
 - b. Enforce a monetary penalty in accordance to section 8(f) of the Agri-Food Act, 2004, or
 - c. Suspensions or cancel the registered producer's license in accordance with section 9 of the Agri-Food Act, 2004.

Reference: Board Meeting February 24, 2009

II. On-Farm Food Safety Assurance Program (OFFSAP) and Animal Care Program (ACP)

Updated: February 25, 2010

A. OFFSAP and ACP Approved Facilities:

The intent of the Chicken Farmers of Saskatchewan (CFS) is to have all chicken produced by registered producers in OFFSAP and ACP approved facilities with the exception as described in section 1 of this policy. To maintain integrity of the OFFSAP and ACP a process is required for existing registered producers, new barn construction, to restart production in facilities that have ceased production, or production facilities being transferred to new ownership.

1. After July 1, 2005 all registered producer's farms must be certified under the OFFSAP and ACP when placing chicks, unless that production is for processor(s) that required chicken to be produced using practices that do not conform to the requirements of the OFFSAP and ACP. Processors that indicate a requirement for chicken to be produced using practices that do not conform to the requirements of the OFFSAP and ACP must provide proof of such requirement to the CFS board before the board allows such production.
2. An OFFSAP and ACP certified registered producer will receive an annual audit. There will be no audit fees charged to the producer for regularly scheduled audits.
3. New barns and/or resumed facilities (facilities out of production for greater than one calendar year):
 - a. The registered producer and/or manager of a production facility will apply to the CFS board to have the physical facility audited before placement of chicks unless demonstrating an exemption, as described in section 1 of this policy.
 - b. The physical facility must be recommended for certification by the auditor.
 - c. The registered producer and/or manager must be able to demonstrate to the auditor an understanding of sections pertaining to management of OFFSAP and ACP before placement of chicks.
 - d. Person(s) responsible for implementing and overseeing OFFSAP and ACP at the facility must be able to demonstrate and auditable record keeping process to the auditor before placement of chicks.
 - e. At the completion of one (1) flock of production the registered producer and/or manager must meet the final requirements of the auditor to recommend certification.

4. Production facilities being transferred to new ownership:
 - a. After a transfer of a production facility has been approved the new registered producer and/or manager must proceed as described in section 2 of this policy.
 - b. When a registered producer transfers ownership of his or her farm the board office needs to be notified one production cycle in advance.
 - c. A copy of this policy will be forwarded to the transferee with the notice of approval of the transfer.

5. As of July 1, 2005 facilities described under section 4 and section 5 of this policy will be subject to an audit cost recovery fee of \$500 (plus GST) for each visit to the farm. Any additional extraordinary audits that must take place, the producer will have an additional \$500 (plus GST) fee each time the auditor goes out to their property.

B. Enforcement

6. Corrective action requests (CARs) issued by the auditor at the time of the OFFSAP and/or ACP audit must be satisfied within the timeframe established by the auditor. Failure to satisfy the CAR/s within the timeframe established by the auditor can result in the following:
 - a. Given just cause, the established timeframe may be extended for a period of up to one week.
 - b. Failure to satisfy the CAR/s within the established timeframe plus one week may result in a 5 cent per kilogram penalty from CFS on all kilograms marketed during the production cycle in which the established timeframe occurred.
 - c. CAR/s that are not satisfied within one full production cycle of the established timeframe may result in a 20 cent per kilogram penalty from CFS on all kilograms marketing during the production cycle in which the established timeframe occurred.
 - d. The registered producer's OFFSAP and/or ACP certification may be suspended until the CAR/s have been satisfied.
 - e. The registered producer's OFFSAP and/or ACP certification may be terminated.
 - i. The registered producer may then be liable for a 44 cent per kilogram penalty from CFS on all kilograms marketed during the production cycle in which the certification termination occurred.

7. A registered producer cannot place chicks without OFFSAP and/or ACP certification or CFS approval upon completion of a OFFSAP/ACP walk through audit. A registered producer who placed chicks without OFFSAP and/or ACP certification or approval and is not described under section 1 of this policy may be liable for:

- a. A 44 cent per kilogram penalty from CFS on all kilograms marketing during the production cycle in which the prohibited chicks were placed.
8. Any producer who markets more than the prescribed maximum stocking density of the Animal Care Program (38 kg/m²) three times in a seven cycle period shall receive a trigger audit. The seven cycle period shall begin on the first cycle of stocking over 38 kg/m².
9. Any producer who has already received one trigger audit as a result of the stocking density restriction (38 kg/m²) listed in the Animal Care Program shall have the following additional enforcements if they continue to exceed the stocking density restriction maximums:
 - a. The second trigger audit (within the seven cycle period) fee due to stocking density infraction shall be increased to \$5000.
 - b. In the event that the producer continues to exceed the maximum stocking density requirements the audit fee shall be **doubled** for each subsequent action (within the seven cycle period).
- C. Processing Plants and Hatcheries**
10. The hatcheries are responsible for sending the board the chick placement dates in advance.
11. When a producer has severe CARs, the board office will notify the processors of who has the CARs and when the approximate date of their next audit will take place.
12. The hatcheries will notify the board when the producers egg set dates are set for and in return the board office will try to accommodate an audit around that time, so if placement needs to be stopped it can be done prior to the eggs being set. This will all depend on the CARs in question.
13. The board office will send out a list of the producers in the province that are in the process of being OFFSAP and ACP approved and the registered producers that are having their initial walk through audits done.
14. The processors will be notified of when the producers are receiving their annual OFFSAP and ACP audit by the board office.

The registered producer is responsible for his or her own farm, so if there are any unforeseen circumstances that lead to a farm not being OFFSAP and ACP certified, the board office is not responsible. The board office will notify the processors as soon as they know that placement is being denied.

Reference: Board Meeting October 23 and 24, 2006
Board Meeting September 12, 2007
Board Meeting March 31, 2009
Board Meeting February 25, 2010
Board Meeting February 4, 2016
Board Meeting November 28, 2016
Board Order 54/11 and 64/11

IV. Market Development Policy

Updated June 12, 2014

PREAMBLE:

The Market Development Program (MD) is a means to assist Chicken Farmers of Saskatchewan (CFS) in its commitment to the expansion of the infrastructure of the chicken industry in Saskatchewan. This includes the production of hatching eggs, hatcheries, chicks, primary and further processing, feed services, barn construction, and other spin off services.

Chicken Farmers of Canada (CFC) developed a policy in close co-operation with the Canadian Poultry and Egg Processors Council (CPEPC) as federally inspected processors were to be key players in the operation of this policy. It is available and applies only to federally inspected processors. Those processors applying must be in compliance with all CFC regulations on licensing, quota, and levy regulations.

Chicken Farmers of Saskatchewan (CFS) has the responsibility for a Market Development Policy (MDP). The CFS MDP is to conform to the CFC New Market Development Program as described in section 2.8 of the CFC MDP.

The Chicken Farmers of Saskatchewan policy will be designed for planned new market development. The MDP will not compromise producer's domestic production. The MDP will be consistent with the policies and product coefficients of the CFC. Participation will only be available to producers with licenses for domestic production, will be voluntary, and will be on a period by period basis.

For the purposes of this document:

- a) 'period' means the length of time, as established by CFC from time to time, during which chicken produced in a province is authorized to be marketed;
- b) 'Market Development' (MD) means the quota used to service required volumes under this policy.
- c) 'fee' means the amount per kilogram producers will pay the processor for doing MD.

This revised MDP policy will be effective starting October 16, 2005 and will be implemented for a minimum of 5 years with annual reviews that includes provisions for processor input.

CFC has jurisdiction in some areas of this policy. This policy is subject to any exercise of such jurisdiction by CFC.

I. SECTOR PROTOCOLS:

A) Chicken Farmers of Saskatchewan protocols:

- (a) The CFS is committed to consult with producers and processors in an open, transparent, and responsive manner. Staged entry and exit procedures and grower allocations will be dealt with in Open Board meetings. Written notification of applications for MD will be issued for each production period.

- (b) Processor appeals on matters of CFC jurisdiction will be directed to CFC. Producer and processor appeals that apply to CFS program administration will be referred to the Saskatchewan Agri-Food Council and Council's regulations and rulings will apply.
- (c) (c) The Board will allocate to producers in a manner as described in Section II. A. 5,6,7.
- (d) The board will set the fee after consultation with the processor.
- (e) The board may reserve a portion of the available MD for "non-conventional" production. The board will review these on a case by case basis.

B) Processor protocols

- (a) A primary processor will apply to the CFS on a prescribed form to have chicken grown for MDP purposes. A processor must be at 100% of that processors share of the CFS base before an application will be accepted. The number of kilograms and the period in which it should be grown will be outlined. This application will be received by the Board at least 3 periods prior to the agency's quota allocation period during which the production will occur. This initial application will indicate the volume as a percentage of domestic allocation for the period in question. The application will be submitted with the understanding the level of the cap is in CFC jurisdiction and may be adjusted by CFC from time to time. CFS will take this into consideration in analysis of an application. The volume will be described in kilograms when the exact domestic provincial allocation is known.
- (b) At the outset each processor is entitled to request up to the maximum percentage of the domestic provincial allocation allowed under the CFC policy. In the event there are competitive bids the board will allocate on a pro rata market share basis, based on market share projections for the cycle in question on the day of allocation. To ensure correct market share calculations processors will be required to send in their producer list (including leases) to the CFS board office no less than one week before allocation occurs. After allocation has been determined, no adjustments will be made. In later periods, in the event there are competitive requests, a processor making a first-time application for MD will be limited to requests for the first 4 periods, as follows: Based on that processor's domestic market share; Period 1 - 25%, Period 2 – 50%, Period 3 – 75%, Period 4 – 100% of available MD each period.
- (c) In the event the original MD commitments exceed the volume finally approved at CFC and reduced MD commitments are required each processor requesting MD will be reduced on a pro rata basis relative to their original request.
- (d) Primary processors will request Market Development production product using the Market Development Commitment Form to the provincial board according to a time frame determined by each provincial board. In making their requests, primary processors will indicate the total live weight equivalent (in kilograms) of the chicken they plan to market under the Market Development program using the product coefficients specified in Article 6.5, of the CFC MDP, as well as the approved end use of the product as specified in Article 5.1.d, of the CFC MDP;
- (e) No processor will be permitted to exit the MDP without fulfilling its processing commitments. Failure to meet these commitments will have levies assessed in accordance with CFC policy.
- (f) The processor will report to the CFS all MD check-offs within 30 days of the end of the

period in which the check-offs were made.

C) Producer protocols:

- (a) The board will notify all producers of volumes of MD requests by the processor(s). The board will also publish the price for hatching eggs, chicks, allocation protocols, and the MD levy.
- (b) Producers marketing domestic production with the processor making the request will be eligible for MD. Producer applications for MD cannot exceed the amount of the domestic marketing quota described on the production summary for the period in question.
- (c) It is the responsibility of the producer to ensure chick placement is such that their domestic allocation is not jeopardized. MD allocation will be the first production out of the barn.
- (d) The authorized producer will pay the processor the MD lease fee by check-off at slaughter.
- (e) MD must be grown by the licensed producer requesting it and must comply with OFFSAP, Animal Welfare, and any other programs that may be required for domestic production.

D) Monitoring and Enforcement protocols:

- (a) The Board shall notify CFC of the volume of the allocation of MD Quota, types of product, the dates on which it is to be slaughtered.
- (b) Within 15 calendar days following the end of the period during which the market development commitment is to be completed, the primary processor will provide, as determined to be applicable by CFC, the original documents of the following information to the respective provincial board:
 - i) a complete product description of the chicken that has been marketed during the period referred to in section 1 of the market development commitment form or during the period immediately before or after that period;
 - ii) the Canadian Customs and Revenue Agency Export Declaration in respect of any chicken marketed in export trade under the license;
 - iii) the sales invoices of the licensee for the chicken marketed to buyers;
 - iv) the Market Development Policy Volume Confirmation letter issued by the Department of Foreign Affairs and International Trade to the buyer;
 - v) the transporter's bill of lading for shipment of the chicken;
 - vi) a third party auditable declaration establishing the dry weight and product category of any chicken referred to in section 2 of the Market Development Commitment form that has been marketed under the market development license;
 - vii) the Certificate of Inspection Covering Meat Product issued by the Canadian Food Inspection Agency in respect of the chicken marketed under the market development license;
 - viii) the declaration document received by the licensee according to Article 6.4(h); and
 - ix) any other information relating to the marketing of chicken by the licensee that CFC or any Provincial Commodity Board designated or person designated by CFC may

direct;

- (c) Failure to utilize the live weight equivalent as requested using the Market Development Commitment Form, as calculated by the product coefficients, in either of the targeted quota allocation periods, or in the period immediately preceding or following for the end uses specified in Article 5.1.d of the CFC policy will result in the assessment of a levy by CFC or the provincial Board, as applicable in accordance with the provisions set out below.* 8.6 of CFC MDP
- (d) * Subject to D) (c), the \$1.00 per kilogram levy will be assessed on the total live weight equivalent, as calculated by the product coefficients, for the market development production that has been marketed other than in accordance with this policy and the applicable regulations. Market Development production will be deemed to have been marketed other than in accordance with this policy if it has been produced but have not utilized as per the Market Development Policy on or before the final day of the allocation period immediately following the allocation period in which the chicken was produced. * 8.8 of CFC MDP
- (e) * Payment of the levy as described in D) (d) is to be received by CFC within 30 calendar days of a notice of assessment delivered to the primary processor.* 8.9 of CFC MDP

E) Dark Meat Program:

The variations in processor protocols for the CFC “Dark Meat Program” are outlined in Appendix B, the CFC MDP, in paragraphs 5.1.d., 6.4.a, 6.4.g, 8.2, 8.3 (i)(iii)(iv)(ix), 8.6.

II. OPERATION OF THE POLICY:

A. Operation

1. The process of setting MD begins with each processor requesting a specific number of kilograms of MD for the production period for which the MD is to be produced. These requests are submitted with the province’s domestic volume request to Chicken Farmers of Canada (CFC).
2. After Saskatchewan’s domestic quota has been approved by CFC for the specified production period, CFS will inform each processor of the amount of MD that is approved by the CFC. Once approved at this point, the processor’s MD cannot be changed without the prior written approval of the Board.
3. The CFS will advise producers in writing of the MD approved for each processor for the specified production period and will invite producers to submit requests to produce MD when the CFS notifies producers of their domestic allocation. Normally, this notification will be mailed about thirteen (13) weeks prior to the start of the period.
4. Producers will normally be given seven (7) business days from the date the notification is mailed to have their request to the CFS office either by fax or email. The deadline for submitting requests will be clearly indicated in the notification. Producers who do not respond by the deadline will not be eligible for MD, with the exception of those that qualify under the process described in #6) below.
5. The CFS will total the kilogram requests received from producers for each processor. If total producer requests’ are **less than** the processor’s approved MD each producer will

be allocated their requested MD volume. If total producer requests are **greater than** the processor's approved MD the MD will be distributed as follows:

- a. Step One: For each processor grower list, all individual MD producer requests will be divided by the producer's total amount of domestic allocation for the cycle in question. Domestic allocation for individual producers will be based on the CFS Board office's most current figures at the time of domestic allocation and will include both owned and leased quota.
 - b. Step Two: The **ratio** between of individual MD request to individual domestic allocation will be sorted from lowest to highest.
 - c. Step Three: The MD allocation process will fill from lowest **ratio** of MD request to domestic allocation, to highest until all the processor's MD allocation has been filled.
 - d. NO leasing-out of domestic allocation shall occur once a registered producer receives their notified MD allocation for that cycle, unless exceptional circumstances have occurred (ex. fire).
 - e. One request per registered producer. Each request will signify which license number(s) the MD will be requested from.
6. If the processor request is under-subscribed (i.e., producers' requests are less than the processor's approved MD), the processor will be given seven (7) full business days after being informed by CFS of the under subscription to attempt to find producers prepared to produce the under-subscribed volume. By the end of the seventh full business day, the processor must notify the Board of the names of the producers and the MD requested by each.
 7. CFS will issue the notice of the MD allocation to producers and processors. Once producers have been notified by the CFS of their MD for the production period, the MD cannot be changed. As such a producer's MD production is first out of the barn.
 8. Penalties will apply if the producer's total production (MD plus domestic) exceeds the producer's combined domestic quota plus MD by more than the sleeve.
 9. At the same time as processors report on domestic production, they will also report the following for MD production:
 - a. each producer's placement date
 - b. volume of production, and
 - c. slaughter date.

B. Other eligibility requirements:

Producers are reminded of the following important requirements of the MD policy.

- a. MD must be produced by the licensed producer requesting it. Leasing of MD is not allowed under the current MD policy.
- b. It is the responsibility of the producer to ensure that chick placement is such that an overproduction penalty situation is not created for themselves.
- c. With processor approvals, growers may market MD to a different processor than the one that takes their domestic production.
- d. A producer is eligible to request MD up to the level of but not exceeding the producer's domestic marketing quota.

- e. Producers must meet the requirements of the CFS Regulations and Orders and of programs such as the On Farm Food Safety Assurance Program and other programs deemed necessary by the Board such as the Animal Welfare Program.

Reference: Board Order 72/13