

PART 1 – Application based questions

1. How is the selection for the new entrant done?
 - a. The selection will be based on all the criteria listed in the application, not one specific section. If you meet all the criteria, you are entered into the selection process.
2. Are applicants who do not have any association with supply management disadvantaged?
 - a. While our ideal new entrant would be new to supply management, we do not discriminate against having experience in another sector, supply managed or not. The declaration is used as further information regarding your experience.
3. Which name should be put on the application?
 - a. If individuals are planning to run the farm together, all names should be included in the application with the ownership share percentage stated on the license application. All those names are required to sign. Otherwise, just the name of the applicant.
4. What is the time frame for the selection and when can we expect to hear back?
 - a. We hope to have the process complete, and the successful applicant is notified in June, so they can get started the process as soon as possible. Of course, the number of applications will also be a factor.
5. Do you want to see the financial business plan (income and expenses) or just the plan as in how one plans to operate the business and be involved in the day to day? Location/barn size or style that sort of thing?
 - a. The business plan does not need detail although the more detailed the better. No financials are required, just give the basics and expand on anything you feel would be valuable or important that would benefit your application. We will not hold you to the stated barn dimensions for a new building, only the minimum stocking density rules. There are some applicants who intend to use preexisting barns, and these must be large enough, which is why we have asked for the dimensions.
6. In terms of a site for the proposed farm. Do you need an exact land location? Or is a realistic land budget within a general area, ok?
 - a. We don't need an exact land location, but if you are planning to build more than 200 km from a processing plant you will still need a letter.
7. What constitutes an Intensive Livestock Operation (ILO)?
 - a. Currently this facility does not need an ILO permit. The 20,000 birds are equivalent to 100 animal units (AU) - 200 birds is 1AU and with the manure not being liquid no permit is required, unless you are close to water or a well. However, if you wanted to expand the size, it's very likely you would need to have sign off from the residents nearby, with a process of public meetings and tri-part agreements.
 - b. More information on ILOs - <https://www.saskatchewan.ca/business/agriculture-natural-resources-and-industry/agribusiness-farmers-and-ranchers/livestock/livestock-and-the-environment/regulation-of-intensive-livestock-operations-in-saskatchewan>
8. What do we do with all the applications portions and how do we submit them?

- a. Yes, put all documents into the sealed envelope marked "Offer to purchase New Entrant Base Quota". That way we know not to open it, and it will be sent to the third party to be opened.

9. Who do I make the check out to?

- c. The cheque should be made to "Chicken Farmers of Saskatchewan"

PART 2 – Barn Design

10. I'm looking for information about things like barn design

- a. Our Animal Care Program states that they have a maximum of 31 kg/m² (or 38 kg/m² if they meet extra requirements which pertain to all our growers). This converts to 2.88kg/sq ft or 3.53kg/sq ft. Most of our current growers' target 38kg/m². That is the maximum allowable.

As an example, 35,400kg would need 12,300 sq ft minimum for the 31kg/m² density but you would want to build your barn with room to spare to accommodate more in the future as allocations increase with the market year over year, and there is an opportunity to increase your production through leasing in. For some more accurate advice, you could reach out to a barn builder such as Zaks Home Hardware who have built several barns for our producers.

11. What are the barn costs both financially and timewise?

- a. We have heard building costs in the range of \$70-80/sq ft, but this is variable and dependent on the builder. Typically, a year is enough time to get the barn built.

12. Do you have any resources for barn construction?

- a. Barns are quite simple, free run with feed and water lines, heaters and ventilation. Alarm systems for power, temperature, etc. are mandatory for welfare reasons, but a few things are great but not mandatory (i.e. evaporative cooling pads or misting systems to cool the birds in summer).

PART 3 – Quota

13. Are we correct in assuming that the quota for approximately 20,000 birds (35,400kgs) offered here is 20,000/cycle (as opposed to 20,000/year)?

- a. Yes, the quota is per cycle. That is 6.5 times per year, our periods are 8 weeks long, so total production could be 35,400kg x 6.5 = 230,100 kilograms per year

14. For the signed bank letter demonstrating proof of financing, is that just for purchasing the roughly 20,000 quota units or is it to prove the building of the barn as well?

- a. The letter should speak about your financial ability to build barns for production and purchase the quota. We do not want to see what you are able to receive in loans.

15. Can the quota be used as security by the financial lender?

- a. The quota can be used for security. Some lenders do and some do not. We have a letter of acknowledgement that states that we will recognize the lender has a financial interest in the quota and the board will not transfer the quota without a release from the lender. If there was bankruptcy or foreclosure, the lender would likely have the release letter require that funds are directed to them.

16. Banks question the marketability of the quota after ten years is up if we needed to sell it. Is there a demand for current chicken farmers to buy more quota or an already established barn? Or is this something that would be a hard sell?
- a. That is not the intention of this program. We are wanting to have new entrants that plan on being in the industry for a long time, however should some situation arise that required you to sell, most farmers are trying to buy more, so unless there are major changes, you would have no problem selling.

PART 4 – Production

17. How many cycles per year are producers required/able to produce?
- a. We work on an 8-week cycle, which works out to 6.5 per year. The allocation percentage is set differently for each period so this will be up or down seasonally and depend on the market requirements.
18. Is there a network for shipping and what does that entail?
- a. As part of the application, there is a part specifying that the applicant must have an agreement in place with a processor. There are 2: Prairie Pride and Sofina. Prairie Pride is stationed in Saskatoon and Sofina is stationed in Wynyard.
19. Do processors work with the chicken growers so that correct out dates and weights are managed?
- a. Yes, this is well coordinated, set up well in advance but difficult to move once planned, so consistency in bird weights is important. Most bird weights are shipped at 2.2 kg to 2.5 kg, average 2.4kg however this is a discussion that would be had with your processor of choice. There is currently very little flexibility with placement dates, as a change to placement also means a change in shipping date for both you and someone else accommodating the change. If they can accommodate it, the processors will but it is not done very much.
20. Is there a rotation to the barns or are they all in and all out?
- a. Production is an all in and all out for the most part. There is an option to do a thinning, which is where some birds

PART 5 – Feed/Water

21. Where can I find information about feed costs?
- a. Feed costs are variable, but information can be found at feed companies that deal with poultry. Masterfeeds or New-Life Mills could help you out.
22. What amount of water consumption does a person expect?
- a. This varies with age and temperature but expect around 7,000L per day at market weight, plus a lot more for any hot weather.
23. Do sulphates adversely affect chickens?
- a. High sulphates in the water can cause issues with wet litter and can negatively impact bird health and welfare. Water treatment systems such as RO are often used in broiler barns.

PART 6 – Pricing

24. What is the standard way to measure a return?

- a. In chicken, we talk about margin per kg after feed and chick. That is the standard way to measure return

25. Is there an approximate dollar paid per kg to the producer?

- a. Our price bulletins are posted on the website, but currently the live price is \$2.07/kg. The price is fluid and set each cycle, every eight weeks. The formula for our pricing is based on the cost of production, with chick and feed costs impacting the price each period, and adjustments made annually for capital costs, labour etc.

26. What would be an estimate of the projected income from this quota on a per bird or per kilogram basis?

- a. Revenue would be the kgs of chicken times the live price per kg. The live price can be found on our website and is set every 8 weeks. Expenses are variable but in terms of margin, the key expenses are feed and chick costs. Feed costs are dependent on the amount of feed needed to produce 1 kg of chicken (historically 1.6kg feed per kg chicken). This is one of the biggest costs. Chick costs are dependent on the cost from the hatchery (historically \$0.90 and \$1.10 per chick).

**It's important to note that other barn and equipment costs, such as capital costs, heat and electricity, barn cleaning along with vaccinations vary greatly, and need to be accounted for.*

- b. An example of a rounded cost calculation:

- i. $35,400\text{kg chicken} \times 1.61\text{kg of feed per kg of chicken produced} = 57,000\text{kg of feed}$
 $= 57.00\text{ tons of feed} \times \$550/\text{t} = \$31,350/\text{cycle}.$
- ii. It requires 17,700 chicks based on a 2.0kg bird for 35,400kgs however mortality does occur. Typical mortality is between 5-8%, translating to about 18,600 chicks. At \$1.10 per chick, the cost for those kgs is \$20,460.
- iii. Therefore, feed and chick costs total \$51,810.

- c. For revenue, 35,400 kgs with a live price of \$2.07 total \$73,280

- d. Total return after feed and chick is \$21,470 or \$0.61 per kg margin.

27. Is there a levy and what is that levy per kg?

- a. Current levies total \$0.0187/kg.

PART 7 – On Farm Assistance

28. Is there any sort of program in place where we can tour other farms and see the facilities in place to help determine the type of facility to build?

- a. There is no program, but if you are a successful applicant, we would be happy to set up some farm tours or put you in contact with a current producer who could provide some thoughts.