**FAQ: Supply Management of Chickens in Ontario**

**What is supply management?**

Supply-management is a way of controlling the supply of a certain farm product. Supply management boards (sometimes referred to as marketing boards) fix and allot quota for farmers, guaranteeing that supply does not exceed demand. This is a way of ensuring fair and consistent prices for farmers. The system was created in the 1960s by farmers and governments who wanted to prevent processors and buyers from keeping prices low at the expense of producers.

**What do we mean by quota?**

Quota is similar to a license that a farmer purchases in order to be able to produce and sell chickens in Ontario. Quota can be sold or transferred from one producer to another with the approval of the marketing board.

**How does supply management work in Ontario**?

Ontario has marketing boards that control egg, dairy and poultry production. The Chicken Farmers of Ontario (CFO) set the quota numbers for broiler chicken production in the Province. Broiler chickens are bred and raised specifically for their meat. The CFO is also responsible for marketing campaigns on behalf of the producers. There is no specialized quota system that differentiates between producers of conventionally-raised chicken, pastured or free-range chicken, and organic poultry.

**What is the current chicken quota in Ontario and how much does it cost?**

Farmers can raise up to 300 chickens a year and sell them directly from their farm without purchasing quota. However, a farmer must raise around 91,000 chickens annually to qualify for quota. While the cost of quota varies over time and also between sellers and producers, the average price for the minimum amount of quota required is around $1.75 million.

**What are the advantages of supply management?**

A major advantage of supply management is the protection it gives to farmers from large fluctuations in pricing, ensuring them a fair price for their product. Farmers who produce one commodity on a large scale benefit most from supply management; they receive a predictable, steady income and don’t have to do their own marketing. Supporters of supply management argue that consumers also benefit from a steady supply of a quality product. According to the Alberta Chicken Producers, deregulation in the UK, Australia and New Zealand has meant lower prices for producers while consumer prices have increased with inflation.

**Who doesn’t benefit from the current system?**

Critics argue that the current system works well only for farmers who produce large amounts of a single commodity. The current minimum quota of around 91,000 chickens a year is excessive from both a financial and production standpoint for small and mid-scale producers. New farmers can rarely access the money needed to enter into supply-managed commodities. The system also excludes the increasing number of farmers who produce a variety of products and want to supplement their income with poultry sales; farmers are limited to raising no more than 300 chickens a year if they cannot afford to purchase quota. At the same time, farmers could benefit from raising more than 300 chickens once they have made the initial investment into poultry production. The current system also limits consumer’s access to products from smaller, diversified farms.

**What do other provinces do?**

Each province sets its own limits after receiving a provincial quota from the national supply-management agency, the Chicken Farmers of Canada. Research by Sustain Ontario shows that most other provinces have exemption levels significantly higher than Ontario. BC chicken farmers are currently allowed to produce up to 3000 birds per farm annually. Saskatchewan farmers can produce up to 999 chickens without quota or apply for a special 4000-chicken limit if they produce for a niche market. Annual fees also differ between provinces. (see chart below for further information).

**How does the consumer fit into the picture?**

The demand for organic chickens and for free-range or pastured chickens that have been raised without the use of antibiotics or hormones is increasing. The current quota system, however, severely limits the availability of these products as they are usually produced on small to mid-scale farms that don’t have the production capacity or money to afford quota. As the demand for alternatives to conventionally-raised chicken steadily increases, the current system fails to give consumers the choices they are demanding.

**So why not increase the quota exemption number?**

An increase in the 300-bird exemption limit would allow more niche producers to raise and sell chickens. However, it wouldn’t help them with accessing new markets for their products or finding processors for their meat. Current regulations discourage small-scale processors and many small communities are left with no local abattoirs. These issues would need to be addressed if an increase in the small-flock exemption level is to benefit farmers across the province. Raising the exemption level could also potentially put pressure on existing producers who are trying to market their organic, pastured or locally-raised chicken *if* consumer demand doesn’t meet the increase in supply on the market.

**Supply management and exemptions by province**

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| Province | Small flock exemption | Minimum quota threshold |
| Newfoundland | 99 or less | none |
| Nova Scotia | 500 or less. After 1st year up to 10,000\* | Around 130,000 birds or 235,000 kg |
| Prince Edward Island | 500 or less | none |
| New Brunswick | 200 or less | none |
| Ontario | 300 or less | Around 91,000 birds |
| Manitoba | 999 or less | 15,000 birds or 30,000 kg |
| Saskatchewan | 2 options:  999 or less with no registration required OR  newly approved 4000 limit for niche producers. This requires an approval process and $350 registration fee | none |
| Alberta | 2000\*\* or less | none |
| British Columbia | 3000 or less | none |

Note: All figures, unless specified, refers to number of birds.

\*In Nova Scotia, special licenses are issued for *small flock free-range* poultry production. While producers can raise up to 200 chickens for personal consumption, in order to sell without quota they must annually purchase this special license for the period from April to November 30th. In the first year they can produce 500 birds, and in subsequent years can produce up to 10,000 birds.

\*\* Special licenses are available for communes that allow them to raise up to 6000 birds.

**Sources**

Metcalf Food Solutions: *New Farmers and Alternative Markets Within the Supply-Managed System.* June, 2010. Metcalf Foundation.

Alberta Chicken Producers. http://www.chicken.ab.ca/

Chicken Farmers of Canada. www.chicken.ca

Chicken Farmers of Ontario. [www.cfo.on.ca](http://www.cfo.on.ca)

Practical Farmers of Ontario. [www.practicalfarmersontario.ca](http://www.practicalfarmersontario.ca)