

- Farm Products Council of Canada
 - Address by Laurent Pellerin at the Chicken Farmers of Canada AGM
 - Ottawa, Ontario
 - 2015.03.24
-

MR. PELLERIN: I was supposed to start my speech by, "Spring is coming!"

[laughter]

It's -15 at my place this morning, so it's not today; tomorrow perhaps. I tapped my maple trees three weeks ago and not a drop of sap came out of the trees. It's very late; it's very cold.

At least I'm in a very welcoming place this morning because they put my name on the agenda but they don't put "Greetings from the Council" -- they did that in Alberta at the egg meetings, "Greetings from Laurent Pellerin" -- and I don't know what "greeting" means, so -- I've been there for an hour.

[laughter]

I prefer the words "guest speaker". I'll have more flexibility as a guest speaker.

I don't want to be very long this morning but there are certainly a couple of points, important points that needs to be raised and talked and give you some, not opinions but some talk about where we are and where we want to go in the chicken sector.

So again, we appreciate very much those invitations at those annual meetings. It's a very good occasion for us to -- I use the words "for us"; you will understand a little bit later -- to better to understand your sector; participate in your discussions; sometimes only listening to your discussions, to your arguments the discussion. That's always very useful for the Council.

My first announcement this morning is to present to you a new member at the Council. We have Chantelle Donahue with us. Her CV is pages and pages -- she is very young but she already covers a lot. She is Vice-Chair with Cargill and covers a lot in the grain sector. She knows a bit of the beef sector, a little bit of chicken, a little bit of almost everything in agriculture. She is a farmer in Saskatchewan. We are actually over represented from Saskatchewan. We have two from --

[laughter]

We are a little bit unbalanced on this side. So bienvenue, Chantelle. If you have an occasion to discuss with Chantelle, you will very rapidly realize that she is bringing with her a lot of knowledge about agriculture and she will be very useful at the Council.

On the other hand, we have two members that will retire this year.

John Griffin from P.E.I. resigned. He is supposed to do something more interesting in P.E.I.

[laughter]

We heard that he's looking at possibly to run in politics. We'll see.

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Brent Montgomery is with us today. He is finishing his second term at the end of April. He has not renewed, so both John and Brent have been with us almost 7-8 years, a little bit more. Brent served as Acting Chair twice in your period. Those very important members, both of them, they've added very good contribution to the Council and they will be missed by their friends around the table.

As Mike mentioned, just as a reminder, if anyone needs to be reminded, I've been Chair of the Council for the last five years. It's a very good time to look at what has been done through those five years with the chicken sector. That's what I will try to do this morning.

Certainly supply management in chicken faces a lot of challenges, not only in chicken, but very specifically in chicken, you faced very big challenges in the last many years. I will touch a little bit on a couple of them this morning that have been very important for you and us, as a Council.

First, we renew, as Council, our process for public hearing. Council had been out this activity for 15 years when we started again this process two years ago with a first proposal from the pullet growers and two other proposals from raspberry and strawberry, so it's been a challenge when you start from scratch.

What we did as a Council 25 years ago for hatching egg and beef in the late '90s, it's something that almost nobody in the office had a souvenir or remember something of that process. So we almost re-created everything from scratch. It was also a good thing because today, with the technology we have, with the website, with the direct communication facility we have; we put everything on the website. All contributions from any stakeholders that want to have a say in this process, put their document, that information, their questions, the public hearings were also transmitted directly, automatically during the public hearing so it's a very, very important process for us.

So we renewed this part of the Council activities specifically for PRA but this process is now open to a lot of other possibilities. We are expecting many other proposals in the PRA agency sectors, specifically one from chicken, and we are waiting for that with some anxiety. We are ready.

Another important file: COP. Council's worked on COP guidelines for years, almost forever, and in the last couple of years, we renewed those guidelines. The one we had on record for the past years were very specific guidelines, very specific on every point in a cost production survey. We changed that to elaborate the guidelines that are more of a frame and giving as much flexibility as we can within the guidelines. There's no prescription to go to a survey, a model forum, accommodation. That's something that each of these sectors, each of the monitoring committees for the establishment of COP can run by themselves in each of the communities.

Again, we respect a lot what I did from the beginning of those five years. We worked with each of the sectors. We are not and we have never been, and I hope will never be in the minding of one-size-fits-all. We would rather prefer to discuss, to work with each of the sectors making sure that what will develop will feed their needs and bring some

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value added to their activities.

CFC, also on their side, they worked very hard over the last couple of years. They show some very, very active, active, active participation --

[laughter]

-- and leadership in this differential growth file. And I want to recognize them today for that very important leadership they played in the last many years.

For almost 40 years, the chicken sector didn't face directly, or apply directly, factors that bring back some return to differential growth, depending where the growth is in Canada. So this move took a long period of time. The last 5-6 years is certainly a very good achievement in this sector.

Some other files that we worked on in the last couple of years are not as visible as those ones. For example, what we did with our staff. We certainly -- staff building capacity, deepening their relation and understanding of supply management is certainly something that we are very proud of and helped the Council to do a better job.

The crisis that we face -- you -- very specifically face in B.C., again, through this AI crisis show again how supply management can be proving their capacity to respond very rapidly to an outbreak like that and in a difficult situation like that.

Again, just to mention one, the turkey guy took a very rapid decision to replace production; contracted production into other provinces, Ontario and Alberta; and we really, very rapidly as a Council reapproved those allocations in the neighbour provinces to make sure that there's no disruption of the market. That's the type of thing that really proves, very clearly proves that the system is working.

We are just finishing our three-year strategic plan by the end of this one. During the last six months, we developed a new strategic plan for the next three years. This one is almost done. First, I want to thank CFC for their participation and contribution in the strategic plan. We note many of the comments received by the Council from CFC, so thanks for your contribution there and you will certainly recognize you in some of the wording we use in the strategic plan in the paragraphs where it says that the Council wants to be an active participant. We thank you for your support in that part and proving that it's very useful.

This plan needs to be approved by the Minister. It's in Ag Canada somewhere, actually, for comments/analysis. We hope that it would be approved by the first of April or a little bit later, but not too far from that point.

Again, in this plan we want to continue to build on a better mutual understanding of the role and responsibilities of each of the players. When you developed your guidelines or your differential growth formula, you faced some of the difficulty that we are facing as a Council. Sometimes provincial marketing boards are not fully playing their roles. Sometimes they think that they have a larger role than the one they have. And it's very

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difficult to bring everybody back to the exact role and responsibility they have in this scheme of supply management through federal-provincial agreement.

So we hope that through our strategic plan for the next three years that we will help to improve this better understanding, mutual understanding on both sides. No doubt that Council wants to clarify what its role is. We certainly expect the same attitude from the agencies and each of the provincial marketing boards.

We include in this strategic plan also one of the big priorities in building our relation with the provincial supervisory board. We have 10, almost 11 of them, in Canada. We meet on a regular basis. We have, again, this week a full day meeting, Thursday afternoon and Friday morning. We do that twice a year. In the last five years, I've met each of the provincial supervisory boards in their own -- "riding" is not the right word -- in their own jurisdiction. It's very interesting, having discussion with supervisory boards nationally, but having a discussion at home, it's usually very, very helpful to better understand where they are coming from, what are their own perspectives on the system. So I will continue to do that and will build on that also in the next couple of years.

I don't know if some of you remember, but last year I was here. I don't remember if I opened the meeting, but I had a slide with me last year. Remember my pie?

AUDIENCE: Yeah.

MR. PELLERIN: Dave suggested that it should be a good idea to bring back my pie this morning. I didn't.

[laughter]

MR. PELLERIN: I hope that you remember that we are still working in that -- it's not finalized yet. We are very happy with the fact that you finally concluded this MOU last summer. Now you are moving in the direction of translating this MOU in operating agreement changes.

We already, as a Council, committed ourselves in that direction. We already approved three allocation bases on this formula, plus we approved several allocations before that MOU came in place, based on some sort of a combination factor for six periods covering almost a year. So we are already and deeply committed to move in that direction. Not that the deal -- that we know that the deal is final. It's not there yet. But we are confident that it will be finalized as soon as possible. There is enough in this deal for the Council to be satisfied that you are, for the first time, fully covering Article 23.2 of the *Act*. You are measuring some comparative advantage between the provinces, some differential factors. Yeah, yeah, you make your own combination, you added a little bit more than what we were expecting, but we are okay with that.

And some of the factors that you added are really very interesting. The one on the fill rate of the quota: you produce your quota, you lose your quota. That's something very interesting. In some other commodities in supply management, some provinces have moved in that direction. The Québec egg guys decided in December that in the future if

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the farmer will not have room in his barn to take the increased allocation, they have a decision to take. They will no longer be in a position to accept the increase quota, sell back the quota the next morning, and cash the money. That's finished. It's ended. You take a quota, you lose a quota. And I think that factor that you added in your combination factor is something that we recognize as a good factor. People need to be in line with what they want. You say something; you need to do the same thing in the same direction.

So, congratulation is probably too big but --

[laughter]

-- we wanted to positively recognize the move you did in signing this MOU.

We are hoping that everybody will finally understand that: first, there is enough to be satisfied that you cover Article 23.2 of this *Act*; secondly, that there is enough in this agreement also to bring Alberta back in the game, a full participant in that scheme.

Those are two very important and good reasons to finalize this deal by the end of June. I will try to be at your summer meeting. We'll see where you are at the summer meeting. I will use the words "as early as possible." We know that it always takes a little bit more time than we expect, but we certainly need to finalize that as soon as we can.

Supply management. Not only you, the chicken guys, supply management needs to acknowledge and recognize those good news time to time. And it's about time in the chicken sector that we finalize this deal and move to the next step. There is so much to do in your sector. As Mike said, I cannot increase chicken consumption by myself alone --

[laughter]

-- and there's a lot more to do in your sector. You are in a very -- people like to be in that type of a situation in many other commodities.

You are in a very, very strategic place in the evolution of your sector. You are the most available protein, very rapid production; you can increase tomorrow morning if you want. You are not like those turkey guys that have to take a longer period of time, or those egg guys who need the pullets almost three years in advance. You can start tomorrow morning to increase production.

So, back to my pie. Keep in mind that it was a very, very thin slice of the pie, and anything you will do to grow the old pie will cover this little bit, this little slice within a couple of months. So there's more to do that there.

Sometimes in life things that we don't expect come together at the same time at the same point, and we were really not expecting those things to come together. The MOU was supposed to be finalized and translated and the operating agreement changed in a

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very different timeframe than the result that we were all expecting from the Ontario survey on cost production. I don't know exactly why. Probably because those guys -- oh, Ontario, they are so small, so thinny guys that they have difficulty to move files, two at a time --

[laughter]

-- those results were supposed to be on the table years ago. So if somebody thinks that somebody did something to make sure that those files came together at the same point, if it was a strategy, I don't buy this theory. And I hope that you will be able to separate those files, solving the ones you can solve as a group first and taking care of the next one when and if you want.

Again, you know where we are going. I've been in agriculture -- I've been in a farmer organization my whole life and every time we are running through an electoral campaign, we want to raise the profile of certain files because we want to gain something. But we also, at the same time, want to make sure that we have a couple of files here, spare arguments that are plus, that are a thing that we build on, the thing that we put, you know, a back, a thing that is done, and you certainly need a couple of them to go through the next months. You know how, on a daily basis, we receive press clippings on supply management -- I will not say "on" supply management, I will say "against" supply management, so make sure that you have a couple of spare arguments in your back to cover what is needed.

En anglais vous dites, "It's a piece of cake." It means it was easy. I think when I presented my last pie everybody thought it was a piece of cake.

[laughter]

Today, we have to realize that it was a real pie. I hope that you will invite me next year.

[laughter]

And I hope that next year, I will not be either a pie or a cake in this meeting, hoping that everything in this file is settled, we move ahead, and we built on expanding chicken production in this country.

My two last comments will be on transparency.

Supply management is a public policy. The other Dave -- David, the one from Nova Scotia, the big guy, friends of those Ontario guys, the same chicken genetics --

[laughter]

-- used to say that supply management is not a right. And I picked up words from his mom, supply management is a privilege. It's a public policy. It's something that you have to shine, to take care of, just like your big tractors and combines. Transparency: tell people what you are doing, the good things you are doing, the good results that you

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have. You have a good story; make sure that you tell the story.

So we think that through better annual reports -- and you will report to the Council apart for myself. I'm reading your annual report. I know that Dave was very nice with me in his speech in the annual report. So that's proof, first, that we do read reports.

[laughter]

This report is going to the Minister. The Minister will probably read some of those reports. Staff around the Minister will probably do the same. But it doesn't stop there. It's a public policy, so finally those reports go to Parliament, the one who adopts and maintains those acts in place. Make sure that you tell your story through the annual report, all the good things -- a couple of paragraphs on things that are challenges, not resolved -- but mainly the good things.

I will certainly follow very closely in the next couple of months what happened with the Ontario COP results. It's certainly not our first challenge to work with a provincial cost of production in a -- so important sector like your sector, but at least somebody did something in cost of production in chicken in this country. We were asked, and we agreed with Ontario to have a presentation where we will better understand what they did. We'll certainly research and look at their results. I'm not saying that we'll say and will finally decide if we are satisfied or not. We don't have to be satisfied or not at the end. But we will certainly make comments on that as: is it a good thing to go down that road, do you have other choices, is it well representing the Canadian chicken economy? Those are the types of questions we want to share and discuss with Ontario.

And my last word -- before finishing, we are a very big group today here, just to, again, measure how important chicken is. We have our full board here. Tim O'Connor, from Ontario -- the new Tim -- he wanted to ski-doo right in Québec. He was not aware that it's cold in Québec.

[laughter]

So he came back just like that. Brent, you know Brent; Chantelle; Mike Pickard from Saskatchewan, again -- they are not always sitting together; Debbie Etsell there from B.C.; myself; and John Griffin is not there anymore.

Missing somebody?

And we have some staff in the room. Marc Chamaillard, in the back, Marc, stand up, because you are in the back of those Ontario guys so --

[laughter]

Marc is smaller but is in charge of regulations, government relations, human resources, accounting, blah, blah, blah, a lot of things. He is the guy who controls the money. Be nice with him.

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[laughter]

We have Nathalie, a very smart person, responsible for communications, for management of the technical and professional team, a greffière du Conseil, very good contribution to the Council in the last couple of years.

Where is Reg? We locked Reg in the office?

[laughter]

He's only getting out for the chicken meeting.

Somebody else from the office? A big team today here.

So thank you to those staff. If you have some business to do with the Council, they are usually the persons you need to be in contact with.

So finally, again, thank you for your invitation. I didn't learn this morning what "greetings" mean again, so I hope I was not too long.

The most important point for us in our next three-year strategic plan is the development of good and productive relations with the agencies. I think that in the past five years that we had been working together, we are suddenly at the best stage of our mutual communication with the chicken guys and I thank you for that.

Thank you again.

[applause]■
