



Understanding CFIA compensation process for birds ordered destroyed –Highly Pathogenic Avian Influenza 2022

Under the *Health of Animals Act [HAA]*, CFIA may order the disposal of animals or things if it suspects that the animal or thing was, or is suspected of having been, affected or contaminated by a disease or toxic substance. Such an order, while unfortunate and difficult for all concerned, is often necessary to keep humans and other animals safe, and to keep export markets open.

What's covered?

CFIA may compensate the owner of an animal for:

- animals that are ordered destroyed under the HAA or are required to be destroyed by an officer or inspector under the HAA and die after the requirement is imposed but before being destroyed;
- costs related to the disposal of the animals;
- cleaning and disinfecting the equipment used for the disposal; and
- other things ordered destroyed, such as contaminated feed or animal products.

Compensation assessment

In order to receive compensation for the birds or things ordered to be disposed, the owner of the disposed animals must submit supporting documentation. Compensation amounts reflect the reasonable market value of the animals at the time of evaluation, up to the maximum compensation amount as stipulated in the *Compensation for Destroyed Animals Regulations*. The CFIA cannot pay more than the maximum amount of compensation that is set in *Compensation for Destroyed Animals Regulations* even if the animal's market value exceeds the maximum regulatory amount.

As there are limited options for determining the market value of birds in the middle of their production/life cycle, the CFIA uses an economic model to determine a bird's value. This model was developed in conjunction with the national poultry industry associations in order to determine a market value for birds ordered destroyed while meeting the requirements set forth in the HAA. It has been used successfully in previous avian influenza outbreaks.

In order to ensure that the model is consistently applied for all producers across the country, the CFIA has contracted a 3rd party evaluator (Serecon). They verify and validate the application of the model in order to determine a compensation value from the data provided by the producer. Serecon will produce an evaluation report which the Agency uses to confirm the amount of compensation to be paid.

The process for each producer involves the following steps:

- CFIA transfers the initial data provided by the owner of the animals to Serecon.
- Serecon assesses the data to ensure that it is complete.



- Serecon analyzes the main cost drivers to determine if the model results are within reasonable parameters based on known industry benchmarks. The benchmarks are based on the price that the owners of the animals receive for their product. Animal owners in a given province all receive the same price for their production from the market regardless of their actual individual costs. Estimating the market value for a bird has to be based on the current availabilities in the market and on what the market would pay.
- This benchmark analysis is completed for each main cost driver for every premises assessed. Some examples of cost drivers include: capital costs (land and buildings), variable costs (Chicks, feed bedding, utilities) overhead and fixed costs (taxes, insurance, rent), as well as labour costs (excluding owner costs/service contracts) for the farm.
- In some cases, the benchmark analysis is used to supplement information that has been only partially provided by the owner of the animals. Some examples include incomplete feed costs (feed that would have been delivered to bring a flock to its maturity date but was not delivered because the flock was destroyed well before that date) or building and equipment costs that appear to be unreasonable for the size of the barns.
- If there are additional details needed, Serecon contacts the CFIA regional lead to help confirm information with the owner of the animal.
- Serecon uses the results from the compensation model and considerations from each of the affected premises to develop an evaluation report for each farm.
- Serecon outlines the various considerations as well as any data issues observed as part of the final report.
- Serecon produces an evaluation report which the CFIA then uses to confirm the amount of compensation to be paid.
- If necessary, Serecon and CFIA are available to meet with the owner of the animal.

Compensation payments and appeals

Once the evaluation of the animals is complete, the owner of the animal will receive a signed copy of a Requirement to Dispose and Award of Compensation form (CFIA/ACIA 4203). This form will identify the amount of compensation that will be paid. If the owner of the animals believes this amount is not reasonable, or that the refusal to provide compensation is not reasonable, the owner of the animals may appeal the decision within three months of receiving the compensation form via registered mail or in person. Appeals are sent to the following address:

Registrar of Appeals
Federal Court of Canada
Supreme Court Building
Wellington Street
Ottawa, ON K1A 0H9