

Memorandum
September 13, 2019

To: Ontario Egg and Pullet Farmers
From: Scott Graham, Chair
Subject: Conventional to Enriched Transition and Producer Price (CETPP) program

Pricing for Ontario eggs increased effective September 8, 2019 by 10 cents (7 cent increase to previous producer price and 3 cents to cover transitional costs from conventional to enriched housing systems). (See Appendix A)
The new term "Market Producer Price (MPP) replaces the previous "Producer Price".

Background Information

The transition from conventional housing to alternative housing has been underway for several years to meet the requirements of the 2017 Code of Practice for the Care and Handling of Pullets and Laying Hens.

It became clear to all industry stakeholders a solution needed to be developed to fund the transition to enriched housing in advance of a fully Enriched COP. The national Conventional to Enriched Transition and Producer Price (CETPP) program was developed to create a blended Market Producer Price (MPP) paid weekly by graders with funds transferred weekly so that producers receive their conventional and enriched producer price. The MPP is the mechanism to fund the transition costs to enriched housing. (See Appendix B)

The industry, however, lacked a verifiable cost associated with the production of enriched eggs. While separate data was gathered on both conventional housing and enriched housing in the most recent Cost of Production (COP) study, there weren't enough enriched systems nationally to create a stand-alone Enriched COP.

Over the last several months, all provinces submitted to Egg Farmers of Canada (EFC) their hen housing data by production types for all producers and any planned transitions through the Q1, 2021 period. As part of the CETPP program, data will be refreshed quarterly in the coming years.

EFC then modelled, based on these transition plans (involving currently 49 Ontario enriched farmers representing 641,446 birds), a blended price which recognizes the funding required for this transition. Based on the Ontario data, a Market Producer Price was determined, three (3) cents higher than the current conventional price for large and extra-large eggs. For medium two (2) cents higher and small one (1) cent higher giving a blended rate of 10.6 cents, with no change for pee wee's, B's and C's. This price was derived from a calculated blend of the conventional producer price and the enriched producer price. (See Appendix A)

Specialty housing types such as aviary, free run, free range and organic were excluded from the modelling process. Specialty prices will be based on the Market Producer Price and the specialty premium will be adjusted accordingly by the grading stations (in consultation with their producers).

Early Adopters of Enriched Production Systems

The EFO Board has decided to grandfather 25 layer farmers, representing 517,967 birds who were 'early adopters' of enriched production systems in advance of the known EFC code requirements. EFO is currently paying a premium of 10 cents to these producers and will increase this to 10.6 cents with the implementation of the MPP.

EFO will provide the grading stations with a list of producers by quota # that meet all of the EFC standards as well as a separate list of producers by quota # that are EFO 'early adopters' who are working towards full certification. EFO is currently finalizing a standard operating procedure to track new and existing producers who will meet all the standards and will keep graders updated in the near future. Grading stations cannot pay the enriched housing incentive to a producer without approval from EFO.

In summary, in order to be consistent with what's happening across the country and to maintain the CETPP funding model, the grading stations will need to separate their reporting by those EFO producers that qualify as EFC Enriched Certified and by those producers that EFO has identified as 'early adopters.' EFO will continue to pay this differential on EFO 'early adopters' until the transition to the Animal Care Program (ACP) is finalized by EFC and the provinces.

If you have any questions on the CETPP program, please contact Harry Pelissero via email hpelissero@getcracking.ca or by phone at 1-800-387-8360 ext. 223.

Appendix A – Price Determination Order No. 01, 2019

Appendix B – New Market Producer Price and
Conventional to Enriched Transition and Producer Price (CETPP) program

Appendix C – Sample grade out for Conventional and EFO Early Adopters

Appendix D – Sample grade out for EFC Enriched

Appendix E – All other production (example – Specialty production – Aviary, Free Run etc.)

Appendix A

August 29, 2019

PRICE DETERMINATION ORDER NO. 01, 2019

UNDER THE AUTHORITY of Ontario Regulation 407 made under the Farm Products Marketing Act, please be advised that effective **Sunday, September 8, 2019** until further notice, the minimum prices to be paid to producers for ungraded and unwashed eggs f.o.b. the producer's farm shall be as follows:

Size	Previous Producer Price	New Market Producer Price (MPP)	Previous Enriched Price (116.25 sq in)	New Enriched Price (116.25 sq in)
*Canada 'A' EXTRA LARGE	1.96	2.06	2.06	2.14
*Canada 'A' LARGE	1.96	2.06	2.06	2.14
*Canada 'A' MEDIUM	1.75	1.84	1.85	1.92
*Canada 'A' SMALL	1.35	1.44	1.45	1.50
Canada PEE WEE	0.28	0.28	0.28	0.28
Canada 'B'	0.50	0.50	0.50	0.50
Canada 'C'	0.15	0.15	0.15	0.15

*denotes change

The above prices are for eggs ungraded and unwashed f.o.b. the producer's farm, shipped and graded in minimum lots of 1,500 dozen.

In lots of 300 dozen to 1,499 dozen the minimum prices shall be one cent (1¢) less and in lots of 1 dozen to 299 dozen the minimum prices shall be **ten cents (10¢)** less than the above quoted prices.

Please note the previous price differential for producers located in Eastern Counties has ended per Board Motion (July 2012).

Harry Pelissero, General Manager
Egg Farmers of Ontario

Appendix B

Type 1 – Conventional Production and Early Adopters and Non Quota Producers

- Conventional and Non Quota Producers will be paid by the grader the Market Producer Price as set out by EFO.
- CETPP price adjustment of 2.7 cents per dozen on graded eggs from extra large to small. The CETPP price adjustment will appear as a separate line on the grading summary called CETPP price adjustment. The CETPP price adjustment will be remitted to EFO separate from levy & EFP.
- Early Adopters will be paid by the grader the Enriched Price as set out by EFO.
- The EFO Board has decided to grandfather layer farmers who were 'early adopters' of enriched production systems in advance of the known EFC code requirements. In order for the EFO early adopters to receive their full enriched pricing the grading stations will reimburse the producers a 2.7 cent EFO early adopter premium.

Type 2 – EFC Enriched Production

- Producers will be paid the Enriched Producer Price by the grader as set out by EFO.

Type 3 – All Other Production

- For all other production there will be no CETPP price adjustment (i.e. specialty production).
- Producers will be paid by the grader the Market Producer Price as set out by EFO and any specialty premium negotiated between producers and graders.

Payment to Graders re EFO Early Adopters & EFC Enriched Production

As in the past EFO will send funds to the grader to reimburse the enriched pricing given to EFO Early Adopters & EFC Enriched producers who are being paid based on the Enriched Price List. Grading Stations will be reimbursed at a blended rate of 10.6 cents per dozen for EFO Early Adopters & 7.9 cents per dozen for EFC Enriched producers from extra large to small. The funds will be forwarded to the grading stations by EFO on a monthly basis.

Appendix C

Type 1 - Conventional Production and Early Adopters and Non Quota Producers

Registered Egg Grading Station Name:

Date:

SAMPLE - Quota Producer

Station No.:	
Producer No.:	
Dozens Recv'd:	4,500

Producer Name:

Canada Grade/Size	Quantity/Dozens	Price Per Dozens	Amount
A - Extra Large	544	2.06	1,120.64
A - Large	2,596	2.06	5,347.76
A - Medium	1,168	1.84	2,149.12
A - Small	41	1.44	59.04
A - Pee Wee	0	0.28	0.00
B	26	0.50	13.00
C/Cracks	83	0.15	12.45
Rejects/Short & Broken	42	0.00	0.00
Total Dozens	4,500	1.9338	8,702.01
# of Paid Doz/Average Gradeout Price (A)	4,458	1.9520 (B)	
# of Leviaible Dozens (C)	4,375		

Note: Early Adopters are paid Enriched Price

(#of Paid Dozens)						
Regular Production	91.50%	of	4,079.07	X	1.9520	7,962.34
			[Dozens] (A)		[Average Grade out Price] (B)	
Less: - Levy	91.50%	of	4,003.13	X	0.4045	1,619.26
			[Dozens] (C)		[Levy Rate/doz.]	
				13%	Less: H.S.T. (13%)	210.50
					Payable to EFO (levy & HST)	1,829.77
					Payable to Producer	6,132.57

1

A

(Dozens)						
EFP Production [80%]	6.80%	of	303.14	X	1.9520	591.74
			[Dozens] (A)		[Average Grade out Price] (B)	[Payable to EFO]

2

(Dozens)						
EFP Production [20%]	1.70%	of	75.79	X	1.9520	147.93
			[Dozens] (A)		[Average Grade out Price] (B)	[Payable to Producer]
	8.50%	of	378.93			
			(A)			

B

CETPP Price Adjustment	[XL - Small]	Dz	4,349	x	0.027	117.42
					Payable to EFO	117.42

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*Reminder - Please show CETPP Adjustment separate from Levy, HST & EFP

[Call the office for current levy rates & Regular/EFP Production %]

Payable to EFO		
[Levy, HST & EFP Prod.]	\$2,538.93	+1+2+3

Payable to Producer	\$6,163.08	+A+B-3
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The above named Grading Station certifies that the above information is complete and true in all respects.

Grading Station Signature

Appendix D

Type 2 - EFC Enriched Production

Registered Egg Grading Station Name:

Date:

SAMPLE - Quota Producer

Station No.:	
Producer No.:	
Dozens Recv'd:	4,500

Producer Name:

Canada Grade/Size	Quantity/Dozens	Price Per Dozens	Amount
A - Extra Large	544	2.14	1,164.16
A - Large	2,596	2.14	5,555.44
A - Medium	1,168	1.92	2,242.56
A - Small	41	1.50	61.50
A - Pee Wee	0	0.28	0.00
B	26	0.50	13.00
C/Cracks	83	0.15	12.45
Rejects/Short & Broken	42	0.00	0.00
Total Dozens	4,500	2.0109	9,049.11
# of Paid Doz/Average Gradeout Price (A)	4,458	2.0299 (B)	
# of Leviaible Dozens (C)	4,375		

<i>(#of Paid Dozens)</i>						
Regular Production	91.50%	of	4,079.07	X	2.0299	8,279.94
			[Dozens] (A)		[Average Grade out Price] (B)	
Less: - Levy	91.50%	of	4,003.13	X	0.4045	1,619.26
			[Dozens] (C)		[Levy Rate/doz.]	
				13%	Less: H.S.T. (13%)	210.50
					Payable to EFO (levy & HST)	1,829.77
					Payable to Producer	6,450.17

(Dozens)	EFP Production [80%]	6.80%	of	303.14	X	2.0299	615.34	2
				[Dozens] (A)		[Average Grade out Price] (B)	[Payable to EFO]	

(Dozens)	EFP Production [20%]	1.70%	of	75.79	X	2.0299	153.83	B
				[Dozens] (A)		[Average Grade out Price] (B)	[Payable to Producer]	
				8.50%	of	378.93		
								(A)

CETPP Price Adjustment	[XL - Small]	Dz	0	x	0.027	0.00
					Payable to EFO	0.00

**Reminder - Please show CETPP Adjustment separate from Levy, HST & EFP*

[Call the office for current levy rates & Regular/EFP Production %]

Payable to EFO		
[Levy, HST & EFP Prod.]	\$2,445.11	+1+2-3

Payable to Producer	\$6,604.00	+A+B
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The above named Grading Station certifies that the above information is complete and true in all respects.

Grading Station Signature

Appendix E

Type 3 - All Other Production (i.e. specialty production (Aviary, Free Run))

Registered Egg Grading Station Name:

SAMPLE - Quota Producer

Date:

Station No.:	
Producer No.:	
Dozens Recv'd:	4,500

Producer Name: _____

Canada Grade/Size	Quantity/Dozens	Price Per Dozens	Amount
A - Extra Large	544	2.06	1,120.64
A - Large	2,596	2.06	5,347.76
A - Medium	1,168	1.84	2,149.12
A - Small	41	1.44	59.04
A - Pee Wee	0	0.28	0.00
B	26	0.50	13.00
C/Cracks	83	0.15	12.45
Rejects/Short & Broken	42	0.00	0.00
Total Dozens	4,500	1.9338	8,702.01
# of Paid Doz/Average Gradeout Price (A)	4,458	1.9520	(B)
# of Leviaible Dozens (C)	4,375		

(#of Paid Dozens)

Regular Production	91.50%	of	4,079.07	X	1.9520	7,962.34	
			[Dozens] (A)		[Average Grade out Price] (B)		
Less: - Levy	91.50%	of	4,003.13	X	0.4045	1,619.26	
			[Dozens] (C)		[Levy Rate/doz.]		
				13%	Less: H.S.T. (13%)	210.50	
					Payable to EFO (levy & HST)	1,829.77	1
					Payable to Producer	6,132.57	A

(Dozens)

EFP Production [80%]	6.80%	of	303.14	X	1.9520	591.74	2
			[Dozens] (A)		[Average Grade out Price] (B)	[Payable to EFO]	

(Dozens)

EFP Production [20%]	1.70%	of	75.79	X	1.9520	147.93	B
			[Dozens] (A)		[Average Grade out Price] (B)	[Payable to Producer]	
	8.50%	of	378.93				
			(A)				

CETPP Price Adjustment	[XL - Small]	Dz	0	x	0.027	0.00	
					Payable to EFO	0.00	

*Reminder - Please show CETPP Adjustment separate from Levy, HST & EFP

[Call the office for current levy rates & Regular/EFP Production %]

Payable to EFO		\$2,421.51	+1+2
[Levy, HST & EFP Prod.]			

Payable to Producer		\$6,280.50	+A+B
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The above named Grading Station certifies that the above information is complete and true in all respects.

Grading Station Signature