



# Quota Credit Policy

as amended October 2020

## **INTRODUCTION:**

The Ontario Quota Credit Policy is available to qualifying producers whose flocks are out of production due to renovation, quota transferred through the Ontario Quota Transfer System (QTS), producers whose flocks are short on inventory at initial flock placement, an approved change to a later Home Week, or other circumstances as determined by the Board. Ontario's Quota Credit Program will run in conjunction with the National Quota Credit Program (renovation only).

## **PRINCIPLE:**

The program allows producers to recover lost production by allocating additional birds that may be placed at a later date. The issuance of Quota Credits is subject to the discretion of the Board with respect to the hen utilization figure. The Board reserves the right to discontinue EFO's Quota Credit program at any time.

## **CRITERIA:**

All Quota Credits issued by EFO are subject to the following criteria:

- Producers must be out of production for a minimum of fourteen [14] days [the first seven days of downtime are not eligible]. This does not apply to Short-Placement Credits.
- The replacement flock must comply with the current Home Week Policy to be eligible for Quota Credits.
- The calculation of the Quota Credit ends and Per Bird Levy charges begin when the (replacement) flock is placed in the layer barn.
- If the production system requires the replacement flock to be placed at an age earlier than nineteen [19] weeks, the birds must turn nineteen [19] weeks in the layer barn within the producer's Home Week or Exemption Weeks.
- Eligible Quota Credits are limited to the amount of quota out of production during the qualifying period. Quota Credits will be calculated on Production Quota only (programs will only be included in the calculation of Short-Placement Quota Credits).
- Producers may accumulate Quota Credits; EFO Quota Credits do not expire.
- Eligible Quota Credits must be utilized at flock placement and utilization may be limited at the Board's discretion with respect to the hen utilization figure.
- Quota Credits cannot be transferred and are specific to the registered premise they are approved for.
- Quota Credits are used to form part of a producer's allotment (allowable) that cannot exceed the barn(s) approved density.
- Inspectors will visit the barn(s) to assess the beginning and end of a qualifying period.
- Following receipt of the Quota Credit application at the EFO office, producers will receive a Quota Credit Estimate for the qualifying period. This estimate is subject to change and will not be finalized until the replacement flock has been counted.
- Producers will receive an allotment for their upcoming flock placement from the EFO office, which will include any available Quota Credit Estimates.
- After the replacement flock has been counted, the credit calculation will be finalized. If the final number of Quota Credits is *higher* than the estimated amount, additional Quota Credits equal to the difference will be issued and can be used at the next flock placement. If the final number of Quota Credits is *lower* than the estimated amount, a reverse Quota Credit equal to the difference will be issued and must be used at the next flock placement.
- After the Quota Credit Estimate has been issued, if there is a change in the disposal and/or placement date that results in the producer being out of production for less than the required fourteen [14] days, the credits will be voided.
- Producers are required to submit disposal paperwork as confirmation of the flock disposal date and disposal inventory which are used for the calculation of the final Quota Credit amount.



### **Renovation Quota Credits**

- Producers who are building a new barn on an existing or new premise, or who are renovating an existing barn, and will have existing Production Quota out of production may apply for a Renovation Quota Credit.
- Producers may realign how their Production Quota is distributed to each barn with prescribed timeframes allowed, and may intentionally short-place one barn so that Production Quota is available for a later placement. However, Quota Credits will only be issued if the later placement is the first flock in a newly renovated/constructed barn.
- After the renovation/construction period has ended and the new flock has been placed, additional Quota Credits will not be issued for further Production Quota redistributions unless a barn renovation is involved.
- Producers renovating an existing barn must remain within their Home Week. Producers applying for the Renovation Quota Credit for a new premise or a new barn on an existing premise must contact the Board to confirm their new Home Week prior to EFO issuing the Allotment for the new flock.
- To participate in the Renovation Quota Credit program, producers are required to submit a Quota Credit application a minimum of 30 days prior to the start of the qualifying renovation period.
- Additionally, if producers intend to use the Renovation Quota Credits with the first flock placed immediately after the renovation is complete, the Quota Credit application must *also* be submitted ten (10) months prior to that flock's placement date. That is, prior to EFO issuing the allotment for that flock. Otherwise, the Quota Credits will not be available to use until the next flock placement.

### **QTS Quota Credits**

- When quota is acquired through the QTS and remains unutilized until the following flock placement, Quota Credits may be available.
- If the producer is eligible for QTS Quota Credits, the credits will be issued automatically, no application is required.
- Quota Credits earned through the QTS cannot exceed the initial amount purchased through an individual QTS session.

### **Short-Placement Quota Credits**

- EFO recognizes that unexpected mortality in the pullet barn can result in producers receiving fewer birds than anticipated at delivery. Effective January 1, 2021, if the inventory of a new flock placed in the layer barn is less than the allotment for that placement due to high mortality in the pullet barn, a "short-placement," Quota Credits may be issued.
- Quota Credits will automatically be issued for short-placements resulting from high pullet mortality when the difference in inventory at flock placement is more than one quarter of a percent of the allotment for that flock. No application is required.
- Quota Credits will not be issued for less than 25 birds.
- Producers must advise the Board of other circumstances of short placement, including mortality occurring during transport to the layer barn (dead on arrival) or excessive mortality in the first week of placement in the layer barn. These will be reviewed on a case by case basis by the Board and the producer may be issued Quota Credits.
- Quota Credits will be calculated based on the difference between the allotment and the verified inventory at 23-weeks.
- Quota Credits will not be issued when the inventory at the 19-week flock placement matches or exceeds the allotment. Only placements that are short upon delivery at 19-weeks and remain below their allotment at 23-weeks will be eligible.
- Allotments are limited by barn capacity. If a producer owns more Production Quota than can be placed within the barn, credits will not be issued for the unutilized Production Quota.
- Allotments are composed of Production Quota + Programs + Quota Credits. In situations of short-placement, credits will only be issued for unutilized Production Quota and Programs. Unused credits will not earn additional credits. The unused credits will remain for use at future placements.
- If a producer willfully places an order with their hatchery for fewer birds than the allotted amount, credits will not be issued.



### Home Week Change Quota Credits

- As stated in the Home Week Policy, if a producer requests a Home Week change that results in the layer barn being out of production for more than 14 days, Quota Credits may be issued.
- An Application for Change in Home Week Form must be submitted six (6) months prior to the existing Home Week, or six (6) months prior to the requested new Home Week if moving to an earlier week within the year.
- After submission of the Application for Change in Home Week form, if approved, the producer will be required to fill out a Confirmation of Home Week Change form. This form will act as the Quota Credit application (if Quota Credits are applicable.)
- If producers intend to use the Home Week Change Quota Credits with the first flock placed in the new Home Week, then both the Application and Confirmation forms *must* be submitted ten (10) months prior to that flock's placement date. That is, prior to EFO issuing the allotment for that flock. Otherwise, the Quota Credits will not be available to use until the next flock placement.

### EXAMPLES:

#### Example # 1

A producer is undergoing a renovation and is out of production from April 1 – May 30

# of Disposed Birds [verified by Disposal receipt]	Less Program Birds	Total Eligible Birds		# of Days Empty [less 7 days]		# of days in flock cycle	Number of Quota Credit Birds
21,248	4,014	=17,234	x	52	÷	358	2,503

#### Example # 2

A producer is undergoing a renovation and is out of production from April 1 – April 20

# of Disposed Birds [verified by Disposal receipt]	Less Program Birds	Total Eligible Birds		# of Days Empty [less 7 days]		# of days in flock cycle	Number of Quota Credit Birds
21,248	4,014	= 17,234	x	12	÷	358	577

#### Example # 3

A producer purchases quota on the QTS

QTS Payment Date	Minus Requested Effective Date	# of Days Eligible		# of Units Purchased		# of days in flock cycle	Number of Quota Credit Birds
July 3, 2020	April 19, 2021	= 290	x	150	÷	358	121

#### Example # 4

A producer has short-placed from their Allotment

Total Allotment	Inventory at 19-weeks	Inventory at 23-weeks	Difference between Allotment and 23-week inventory			Number of Quota Credit Birds
51,500	49,800	49,780	1,720			1,720

#### Example # 5

A producer is changing from Home Week #14 to Home Week #25 and is out of production from April 3 – June 17

# of Disposed Birds [verified by Disposal receipt]	Less Program Birds	Total Eligible Birds		# of Days Empty [less 7 days]		# of days in flock cycle	Number of Quota Credit Birds
15,336	1,026	=14,310	x	68	÷	358	2,718



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**COMPLIANCE:**

Any quota holder who is in good standing may apply to the Board for this program.

**SANCTIONS:**

The Board may cancel or reduce, refuse to increase, refuse to loan, fix, and allot quota to any person for any reason that the Board considers proper. Additional or alternative sanctions may apply under EFO's Quota Policy; Section 26 [Quality Standards], Section 27 [On Farm Food Safety / Animal Care Program] and Section 29 [Housing Density]. Indirect methods to circumvent EFO's policies will not be permitted and where identified may result in an appropriate reduction or cancellation of quota.

Quota Credit application forms are available to download through the EFO website at [www.eggfarmersofontario.ca](http://www.eggfarmersofontario.ca) or may be submitted by email to [eggboard@getcracking.ca](mailto:eggboard@getcracking.ca) or by fax to 905-858-1589.