

## **POLICY CHANGES**

### **(December 2014 to November 2015)**

Please note the following are excerpts, for full policies please visit: <http://www.eggfarmersofontario.ca/operations-quota>

#### **On Farm Visitor and Inspector Safety Policy for Egg and Pullet Farms (New) Section 7, Page 5**

**Dec. 2014**

**EFFECTIVE DATE: April 1, 2015**

Egg Farmers of Ontario has regulations, policies, and programs that require EFO staff to come to the farm to perform a variety of tasks, some of which include flock counts, Salmonella testing, HACCP inspections, barn gassings and other types of inspections or other farm related activities.

Under the Ontario Occupational Health and Safety Act, an employer must prepare and review at least annually a written occupational health and safety policy, and must develop and maintain a program to implement that policy (clause 25 (2) (j)). As a part of the Egg Farmers of Ontario Safety Program, the farm visitor and inspector safety policy will ensure that our employees are working in a safe environment.

EFO will require all egg and pullet farmers to address all areas of safety on and around their farms for any EFO staff or EFO visitors who may come onto their farm. This should encompass all activities from the time of arrival onto the property to the time that they leave. This includes all areas around the farm buildings and inside any barns or buildings that need to be entered. Any equipment to be supplied and used by EFO Inspectors must also be deemed safe for use.

#### **Pullet Leasing Pool Policy Update Section 6, Pages 11 & 12**

**Feb. 6, 2015**

**LEASING:**

- EFO's Pullet Committee must be satisfied that all suitable Ontario Pullet Grower Quota Holder facilities are utilized prior to leases being approved.
- Preference will be given to existing Ontario Pullet Grower Quota Holders.
- To be eligible to participate in the PLP, at the prescribed rate, the Pullet Growers paperwork must be current and filed at the EFO office as outlined in EFO's General Regulations.
- Ontario Pullet Grower Quota Holders who are not in good standing and have not filed reports on a timely basis [see EFO General Regulations 3.10 and 3.11 below] will have a surcharge of ten cents per bird applied to their lease cost.
- When/if the application is approved, the applicant will be invoiced for the Pullet Lease and Application Fee which is due ten [10] business days following the last placement.
- An over hatch to a maximum of 5% of the last flock placement in a calendar year, may be considered for Pullet Lease purposes. All fees and reporting, on an over hatch, are due ten [10] business days following the last placement.
- Delay in payment of either a Pullet or Over Hatch Lease could result in the Pullet Grower being in violation of EFO Regulations and considered in an over utilized position.
- Ontario Pullet Growers who are found to be in an over utilized position may choose of one of two options:
  - Remitting an over quota assessment equal to the number of units over utilized, multiplied by the yearly growing fee. [Upon receipt of payment the Pullet Grower will be eligible to participate in the next Pullet Leasing Pool.] OR
  - A Pullet Grower may choose a pullet quota reduction of double the amount of over utilized quota [applicable in the following calendar year] and the Pullet Grower will not be eligible to participate in the Pullet Leasing Pool, leasing in or leasing out, for a two year period.
  - If, within a five year period, a Pullet Grower is found to be in an over utilized position in two years [consecutive or non-consecutive], the Pullet Grower may receive a permanent reduction of Pullet Quota.

#### **REIMBURSEMENT:**

- At the end of each calendar year, the pullet utilization rate is determined based on the actual number of pullets placed into Ontario Pullet Grower Facilities in relation to the total Ontario Pullet Production Quota.
- All Ontario Pullet Quota Holders who are in good standing, as outlined in the EFO General Regulations, whose utilization falls below this rate, may qualify for reimbursement from the pool.
- Over a five year period the maximum amount payable, from the PLP, is limited to the Pullet Grower's Production Quota. Example: A Pullet Grower's Production Quota totals 10,000 units; the maximum number of units that will be used for calculating the PLP refund is limited to 10,000 units over a five year period.

#### **Housing Density Policy (New) Section 4, Page 12**

**Feb. 6, 2015**

#### **PULLET QUOTA POLICY: Housing Density**

28. Effective January 1, 2016, pullets housed in cage facilities must be housed at no less than 42 square inches per bird; floor facilities at 108 square inches per bird; and in aviaries at 72 square inches per bird.

#### **New Entrant Policy Update Section 6, Pages 9 & 10**

**Mar. 9, 2015**

#### **NEW ENTRANT POLICY: as amended March 2015**

#### **ELIGIBILITY:**

In order to be considered for EFO's NEQLP, an applicant must:

- Be a Canadian Citizen or landed immigrant [proof required upon request];
- Be a permanent resident of Ontario [proof required upon request];
- Not hold quota of any type in the supply-managed sector [egg, pullet, chicken, turkey, dairy, or hatching eggs];
- Not have held quota, currently or in the past, of any type in the supply managed sector;
- Priority will be given to persons between the ages of 18 and 45.

#### **APPLICATION PROCESS:**

- To apply for the NEQLP, interested individuals must fully complete and submit the application in the form attached along with a non-refundable fee of \$113.00 (includes HST) with each application.
- Only one application is accepted per deeded property, which must be owned by the applicant(s) or, if the applicant, at time of application, does not own a property, the applicant must submit a binding agreement of purchase and sale for such premises with the closing date on or before the effective date of bird placement. A copy of the registered deed / transfer must be submitted to the Board on or before the Effective Date of bird placement identifying the applicant as the registered owner of the property.
- A letter of reference from a financial institution is required.
- A letter of support from a grading station is required.
- The applicant is encouraged to submit a Business Plan along with their application.
- The New Entrant application, deed / transfer of property, Articles of Incorporation, Business Name Registration, any other legal documents, letter of reference from a financial institution and the letter of support from a grading station must be complete identifying the applicant(s). All other documents submitted, however, cannot disclose the applicant's name, location or any other particulars that would identify the applicant.
- All pages submitted must be numbered and in sequential order.

#### **HOW DOES A SUCCESSFUL CANDIDATE OBTAIN LOANED QUOTA?**

- Once the Selection Committee has named a successful applicant[s], EFO will prepare a Memorandum of Understanding [MOU] setting out the conditions for obtaining [X#] units of loaned quota;
- The successful applicant[s] must sign the Memorandum of Understanding [MOU] with EFO;
- The successful applicant[s] is required to complete and file with EFO all documentation required of a buyer as set out in EFO's Quota Transfer System (QTS) [based on 1:2 ratio];
- Upon execution of the MOU, EFO will loan [based on above 1:2 ratio] and allocate [X#] units of quota to an assigned NEQLP quota number;
- The successful applicant[s] must be in production within 18 months of being selected.

**COMPLIANCE PROCEDURES ~****Phase I**

In the event that EFO's Inspector determines that a farmer is 'over' the quota fixed and allotted by the Egg Farmers of Ontario, after taking into account any applicable credit or allowance, a Farmer may choose one of two options:

- a) The farmer may donate \$50 per regulated hen found to be in excess of quota fixed and allotted plus any applicable credit or allowance to EFO's Egg Donation Program. The Farmer is required to forward a copy of the Food Bank Donation receipt to the EFO Office within 7 days of the initial count. If the Food Bank Donation receipt is not received within 7 days; Phase I (b) & Phase II of the Flock Count Policy will apply.

**Market Growth Allowance Program (New) Section 6, Page 22****May 8, 2015****Background:**

In order to fill the domestic need for eggs in Ontario, and recognizing what is happening in the USA related to AI, EFO will be implementing two new growth allowance programs.

Currently, when EFO is allocated 100 birds [this is called the ALLOCATION] from EFC, Ontario is only allowed to issue 97 birds [this is called ISSUANCE] into our system. Ontario has to be at the 97 bird number by the end of each February [this is called INVENTORY]. If we are over this number then there is a severe dollar penalty payable to EFC [this is called LIQUIDATED DAMAGES] (all provinces except PEI, Newfoundland, New Brunswick & NWT). This is the check and balance in the system to prevent over production. At one time Ontario was allowed to put in 100 birds, but when there was over production of eggs the number was reduced to 97. This mechanism is used to fine tune the system.

**Goal & Objective:**

The goal and objective of EFO is to develop and implement programs to have Ontario's bird numbers as close to 97 as possible; subsequently EFO will be implementing an MGA program. The MGA program will help Ontario get closer to its 97 number.

This program will come into effect January 1, 2016.

The Board has set the MGA at 3% of National Production Allowance.

**Pullet Growth Allowance Program (New) Section 6, Page 23****May 8, 2015****Background:**

EFO felt it was necessary to make some allowances for growth in the Ontario pullet sector.

In 2014 there was almost 100% utilization of Ontario's pullet quota.

In order to allow Ontario pullet quota holders the opportunity to produce pullets for the Ontario egg farmers, the Board is implementing an EFO's Pullet Growth Allowance [PGA] Program.

Effective immediately an additional 5% will be added to the pullet quota holder's year end utilization number.

*As an example: if the Pullet Growers production quota is 10,000 units, the Pullet Grower may place up to 10,500 day old pullets in 2015. The Pullet Growers year end utilization will be 105% with no fees attached.*

Beginning 2016, an additional 5% will be added to the year-end utilization allowing Pullet Growers to end the year 2016 at 110% utilization.

**Quota Credit Policy Update Section 6, Pages 13 & 14****May 15, 2015****INTRODUCTION:**

The Ontario Quota Credit Program is available to qualifying producers whose flocks are out of production due to renovation, unutilized quota transferred through the Ontario Quota Transfer System (QTS), unutilized production quota 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 issuances of quota credits are 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:**

EFO's Quota Credit Policy is monitored and operates under the following criteria:

**Renovation**

- Producers who are building / renovating a barn and will have existing quota out of production, may apply for a renovation quota credit.
- Producers must be out of production a minimum of fourteen [14] days [the first seven days are not eligible]. See Example below.
- Producers applying for the renovation credit must comply with the Home Week Policy, the producer must remain within their Home Week.

**Unutilized QTS Birds Credit**

- Units of quota acquired on the QTS may qualify for Quota Credits.
- The Quota Credit Program is available to producers who do not meet the current housing density requirements or when housing dates do not align with the effective dates of the transfer.

**Unutilized Production Quota Credit**

- Producers who do not utilize their Production Quota may apply for a Production Quota Credit.
- Quota Credits will be calculated on Production Quota only (programs will not be included).

**General**

- In order to participate in the Renovation or Production Quota Credit program each producer will be required to submit a Quota Credit application a minimum of 30 days prior to the commencement of the quota credit period.
- The Quota Credit period ends and Per Bird levy charges begin when the (replacement) turns nineteen [19] weeks of age.
- Producers are not required to use the accumulated quota credits within a certain time. The quota credits may be kept and accumulated to be used at any time.
- Quota credits must be placed as outlined in the EFO Housing Density Policy.
- If Quota Credit birds are in production longer than originally applied for, then the difference between the original credit calculation and the actual credit calculation will be applied as a deduction (reverse quota credit) on the next flock placement. If there is a balance remaining on the Quota Credit, the difference will be deducted from the total remaining credits.
- Inspectors will visit the barn(s) to assess the beginning and ending of a qualifying period.
- Quota Credits cannot exceed the Producer's Production Quota.

**Layer Leasing Allotment (New) Section 6, Pages 24 & 25**

**May 15, 2015**

With respect to Ontario's last three allocations from Egg Farmers of Canada [EFC], Egg Farmers of Ontario [EFO] made the decision to equally lease out the quota to egg quota holders; subject to the egg quota holder being able to place the birds within EFO's Housing Density Guidelines.

*Bird Allocation Figures:*

161,227	+	113,372	+	214,304	=	488,903
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These recent allocations are subject to an EFC Administration Fee for a five year time frame. In 2014 the Administration Fee was \$5.80 per bird; the fee is subject to review and change by EFC.

**QUESTION:**

Ontario's egg quota holders asked if there is any way to predict the number of birds that would be available for leasing each year; this would help them in planning for the future.

**PROPOSAL:**

EFO has established a Layer Leasing Allotment [LLA]. The LLA is the number of birds each quota holder would be entitled to lease from EFO's Layer Leasing Pool [LLP]. This number [of birds] would be assigned to each quota holder regardless of whether the birds could be or could not be housed. Consequently, quota holders would be provided with an element of certainty and a better ability to plan for the future.

**Transfer of Quota Without Registered Premises Update Sections 3 & 4, Page 3****Aug. 6, 2015****9. Family Members**

- [a] A quota holder, who has been the owner of the quota for at least twenty-four months prior to the Effective Date of the transfer, may apply to the Board to transfer all or part of a quota without a transfer of registered premises to a Family Member by completing and filing with the Board:
  - [i] An application in Form 3-14 'Seller's Application';
  - [ii] A legal opinion of the quota holder's solicitor confirming:
    - [1] the parties to the transaction;
    - [2] details of any partners or shareholders of the quota holder;
    - [3] that the Family Member is the registered owner of the registered premises in accordance with the Deed/Transfer.
  - [iii] Consent of Encumbrancer Form 5-14;
  - [iv] Quota Release Statement Form 6-14.
- [b] The Family Member applying to acquire the quota from another Family Member shall complete and file with the Board:
  - [i] An application in Form 4-14 'Buyer's Application';
  - [ii] A legal opinion of the Family Member's solicitor confirming:
    - [1] the parties to the transaction, including the relationship to the Family Member;
    - [2] details of any partners or shareholders of the Family Member;
  - [iii] that the Family Member is the registered owner of the registered premises in accordance with the Deed/Transfer;
  - [iv] Have a pullet order report on file with the Board prior to the Effective Date; and
  - [v] Satisfy the Board that the Family Member will have the care and management of the egg production facility.
- [c] An application will be considered once complete and may be approved if all of its requirements have been satisfied as outlined in the Policy.
- [d] Upon approval, the Board will cancel the quota of the seller and fix and allot a like amount of quota to the Family Member.

**New Entrant Quota Loan Pool (NEQLP) Review Announcement****Sept. 2015**

EFO introduced the NEQLP in 2011 to assist individuals coming into the Ontario egg industry. At that time, EFO noted that the NEQLP would be reviewed/evaluated after five years.

Subsequently, the NEQLP program will be reviewed in 2016. Farmers will be notified once the review process commences and will be afforded the opportunity to make comments or suggestions as part of the 2016 review.

The Board has decided to place the NEQLP on hold during the review process. Once the review has been complete, applications will once again be accepted in 2017.

**Quota Credit Policy Update Section 6, Page 13 & 14****Nov. 2015****CRITERIA:**

EFO's Quota Credit Policy is monitored and operates under the following criteria:

**Renovation**

- Producers who are building / renovating a barn and will have existing Production Quota out of production, may apply for a renovation quota credit.
- Producers must be out of production a minimum of fourteen [14] days [the first seven days are not eligible]. See Example below.

- Producers applying for the renovation credit must comply with the Home Week Policy, the producer must remain within their Home Week.
- Accumulated Renovation Quota Credits are limited to the amount of quota out of production during the qualifying period.
- In order to participate in the Renovation Quota Credit program each producer will be required to submit a Quota Credit application a minimum of 30 days prior to the commencement of the quota credit period.

**Unutilized QTS Quota Credit**

- Units of quota acquired on the QTS may qualify for Quota Credits.
- The Quota Credit Program is available to producers who do not meet the current housing density requirements or when housing dates do not align with the effective dates of the transfer.
- Quota Credits earned through the QTS cannot exceed the Producer’s Total Production Quota.

**Unutilized Production Quota Credit**

- Producers may apply for Unutilized Production Quota Credits when a flock is disposed of or when transferring Production Quota. The Production Quota must remain unutilized a minimum of fourteen [14] days [the first seven days are not eligible].
- Quota Credits may also be applied for when Production Quota cannot be utilized due to Housing density.
- Accumulated Unutilized Production Quota Credits are limited to the amount of quota out of production during the qualifying period.
- In order to participate in the Unutilized Quota Credit program each producer will be required to submit a Quota Credit application a minimum of 30 days after flock placement or when transferring quota.

**General**

- The calculation of the Quota Credit ends and Per Bird levy charges begin when the (replacement) turns nineteen [19] weeks of age.
- Quota Credits will be calculated on Production Quota only (programs will not be included).
- Producers may accumulate quota credits and use at their discretion; quota credits are not required to be used within a certain time.
- Quota Credits must be utilized at Flock placement.

**PULLET LEASING POOL FEES EFFECTIVE JANUARY 1, 2016:**

Ontario Registered Pullet Quota Holders / In Good Standing / HACCP Certified facilities

Day-old Pullets placed in excess of Production Quota (PQ) + Pullet Growth Allowance (PGA) will have a fee calculated on a percentage basis:

Calculation	Fee
Day-old pullets placed in excess of 0-15% of PQ + PGA	\$0.70
Day-old pullets placed in excess of 16%-30% of PQ + PGA	\$0.90
Day-old pullets placed in excess of 31% of PQ + PGA	\$1.05