

2016 Summer Update

Upcoming Meetings

Regional Farmer Information Sessions

Egg Farmers of Ontario (EFO) will be conducting regional information sessions to provide farmers with an update on the new layer code of practice once released for public comment. Dates and locations are to be determined.

Egg & Pullet Farmers' Workshop

EFO's Egg & Pullet Farmers' Workshop will be convened November 29 & 30, 2016, at the Marriott Toronto Airport Hotel.

2017 Annual Meeting

EFO's 52nd Annual Meeting will be convened March 29 & 30, 2017, at the Niagara Fallsview Casino Resort.

2017 National Summer Conference

EFO will be hosting next year's National Summer Conference July 9 to 12, 2017, at the Delta Toronto Hotel.

Quota Transfer System (QTS)

Two successfully completed quota transfer sessions with the following published results:

EGG QUOTA	QT - 1 March 2, 2016	QT - 2 May 27, 2016
Number of Buyers	25	31
Number of Sellers	4	11
Total Number of Units of Quota Requested to Buy	62,570	88,881
Total Number of Units of Quota for Sale	20,255	15,830
Equilibrium Price	295.23	295.25
Number of units of Quota transferred as a result of the QTS	10,255	15,486
Number of Successful Buyers	5	5

PULLET QUOTA	QT - 1 March 2, 2016	QT - 2 May 27, 2016
Number of Buyers	16	10
Number of Sellers	2	1
Total Number of Units of Quota Requested to Buy	134,792	16,000
Total Number of Units of Quota for Sale	9,416	1,600
Equilibrium Price	25.00	25.00
Number of units of Quota transferred as a result of the QTS	9,416	1,600
Number of Successful Buyers	2	3

The next deadline to submit offers to sell into the QT-3 is **July 21, 2016**.

Quota Policy & Program Updates

(Layer) 3% National Production Allotment (NPA) Increase Effective July 1, 2016

EFO at a Special Board meeting January 15, 2016, passed a motion to increase your NPA number by 3% effective July 1, 2016. This increase is a result of Egg Farmers of Canada (EFC) voting to allow provinces to go to 100% of the provinces allocated figure. Previously Ontario was only allowed to be at 97% of our allocated number. The reason was to fill our markets.

(Pullet) The 2016 5% Pullet Growth Allowance Has Been Converted to a Pullet Quota Allotment Increase Effective January 1, 2016

In order to match the recent allocation increase to Ontario egg quota holders, EFO at a Special Board meeting January 15, 2016, passed a motion to increase your pullet quota by 5%. Specific quota holder information is available on EFO's quota holder website.

Privacy Policy Update (February 3, 2016)

Regulatory Duties: As a local board constituted under the Farm Products Marketing Act, the Board through regulation has information filing requirements. Wherever such filings include confidential personal producer information, EFO will use its best efforts to protect such information from third party disclosure under the Freedom of Information and Protection of Privacy Act. However, that determination is ultimately made by the Government of Ontario.

Transition from Conventional to Other Housing Systems (February 4, 2016)

Introduction – Key representatives from provincial egg boards, Canadian Poultry and Egg Processors Council (CPEPC), the Egg Farmers of Canada (EFC) Production Management Committee (PMC) and EFC staff attended a workshop in Ottawa on February 2, 2016 to discuss the transition from conventional housing to other systems. There was good discussion and collaboration which led to the following consensus on a proposed national industry direction forward.

Aim – The aim of this memo is to provide the egg and pullet farmers of Ontario with a proposed direction forward for the Canadian egg industry on the transition from conventional to other housing systems. The proposal was discussed and passed at an Egg Farmers of Ontario February Board meeting.

Proposal – The following is the proposed direction that has consensus of all Egg Boards as well as agreement from CPEPC:

Part 1 – Moratorium on Conventional Cages

- No approvals of new conventional construction after July 1, 2016
- No timeline on construction that has been approved prior to July 1, 2016

Part 2 – Transition Completion by the end of 20 Years

- Rationale: Equipment requires amortization of 15 years however the facility requires more time for amortization, building a new barn, acquisition of land etc.
- 20 years captures both equipment and facility.

Incentives – The EFO Board will be considering what incentives need to be put in place to encourage farmers to install enriched housing units at a density of 116 square inches. More details to follow.

Egg Farmers of Ontario Moratorium on Conventional Housing Clarification (February 9, 2016)

It has come to my attention that some egg farmers are going out and ordering conventional housing thinking that if they order before July 1st they would be allowed to install them. THIS IS NOT THE CASE.

The memo you received last week stated:

- No approvals of new conventional construction after July 1, 2016
- No timeline on construction that has been approved prior to July 1, 2016

The two situations above were to cover situations where work was substantially under way prior February 4, 2016. It was NOT meant to allow farmers to go out and place conventional housing orders. The Board will deal with each situation on a case by case basis. Approval will NEED to be given before any conventional units are allowed to be installed from February 4, 2016 forward. I suggest you hold off any orders until you have outlined your situation in writing to the Board and the Board makes a decision. Just because there is the possibility for up to 20 years to convert to another system does not mean retailers will accept the time frame and could want to accept eggs only from enriched systems sooner. The decision to place a Moratorium on Conventional Housing was not taken lightly by the Board.

EFO Announcement: “Ten [10] Cent per Dozen Interim Transition Housing Incentive” & Conventional/Enrichable Housing Definition [Clarification] (March 4, 2016)

This Memorandum will serve to update EFO's February 4, 2016 memo: Transition from Conventional to Other Housing Systems and incentives being considered by EFO to encourage farmers to install enriched housing units.

Background

Recent developments in the Canadian egg market have focused on fast food restaurant chains releasing competing announcements about plans to switch to cage-free eggs, in competition for market share. This is also being done to protect their brands from activists attacks opposed to all animal agriculture.

EFO wants to ensure supermarkets and consumers continue to have choices related to egg purchases. EFO feels that fully enriched housing is the next step in the evolution of hen housing and the gold standard for hen health, hen welfare, environmental footprint, sustainability and affordability.

Based on the Coalition for Sustainable Egg Supply's study, these types of systems meet the needs of the birds from a welfare point of view and allow the birds to exhibit more of their natural behaviours.

The USA situation, relative to hen housing, continues to change daily. As an example [in the last few days], major grocery chains [with more than 10,000 stores] and over 110 other companies to date have announced switching to cage-free eggs in the USA.

EFO's Interim Transition Housing Incentive Program

Taking the above in consideration, EFO's Board passed an Interim Transition Housing Incentive Program.

Effective January 1, 2017, any Ontario egg farmer who has a fully enriched housing system [at 750 square centimetres/116.25 square inches] will be eligible for an interim ten [10] cents a dozen rebate. The 10 cents could be subject to adjustment, once the Cost of Production Survey has been completed. Final details on how the rebate will work will be provided, once they have been developed.

The Board decided to introduce the Interim Transition Housing Incentive Program and provide the market background because farmers are considering what housing systems they should install in the future.

Conventional Housing Clarification

Some egg farmers have been asking about enrichable systems. The Board considers enrichable housing to be equivalent to conventional housing and would be subject to the same criteria which was sent out February 9, 2016 [an excerpt of the Memo with the addition of enrichable housing, for clarification is below].

The Memo you received last week stated:

- No approvals of new conventional [enrichable] construction after July 1, 2016
- No timeline on construction [enrichable] that has been approved prior to July 1, 2016

The Board will deal with each situation on a case-by-case basis. EFO approval will be required before any conventional [enrichable] units are allowed to be installed after February 4, 2016. The above EFO Interim Transition Housing Incentive Program and Conventional Housing clarification is meant to assist farmers in making hen housing decisions to ensure sustainable egg production in Ontario.

2017 Layer Leasing Pool and Egg Quota Increase Effective January 1, 2017 (May 6, 2016)

Egg sales continue to increase and, as a result, Egg Farmers of Canada has requested an allocation to meet the demand. The EFO Board has decided to distribute these additional birds by two methods:

1. Birds Distributed Through the Layer Leasing Pool
2. Birds Allocated to Farmers Through a Quota Increase

Birds Distributed Through the 2017 Layer Leasing Pool:

The EFO Layer Leasing Pool is/continues to be an effective tool for placing birds in Ontario barns that have the room. A concern expressed by Ontario egg farmers is they do NOT know how many birds they would be eligible to lease on an annual basis. Egg farmers are looking for a predictable number on which they can plan their production.

The EFO Board has decided the number of birds each quota holder would be eligible to lease, subject to the EFO Housing Density Policy, is 1,800 for 2017 at \$7.30 per bird. (Quota holders must have at least 1,800 units of quota in order to qualify for the 1,800 layer leasing birds.) The 1,800 birds will remain a continuous leasing number from January 2017 forward.

Birds Allocated to Egg Farmers – Quota Increase:

The EFO Board has decided that 489,800 birds will be distributed to farmers as an increase to their National Production Allotment:

1. 30 per cent will be divided equally between all Egg Quota Holders -
Example: $489,800 \times 30\% = 146,940 \div 339$ Quota Holders, each quota holder would receive 433 units.
2. 70 per cent will be distributed to all Egg Quota Holders on a pro rata basis -
Example: $489,800 \times 70\% = 342,860$.

New Entrant Program Consultation – Survey (May 17, 2016)

Egg Farmers of Ontario is conducting a new entrant program consultation with egg and pullet farmers in Ontario. We are requesting you take a few minutes to respond to some important questions that will help inform discussion by our Board as it considers development of a potential new entrant policy for egg farmers in Ontario.

Layer Leasing Program Update (June 2016)

Amendments to the Layer Leasing Program include: producers leasing into the pool will not be financially compensated; the maximum number of layer leasing birds available per quota number is 1,800 on a yearly basis; layer leasing applications and lease payment must be submitted with the egg producers pullet order report; cheque to be dated 26 weeks post-placement [19 weeks + 26 weeks = week #45 flock life].

Note: EFO's Layer Leasing Allotment policy is obsolete effective June 2016.

Pullet Leasing Pool Policy Update (June 2016)

The pullet leasing fee is amended to \$0.55. Ontario Pullet Grower Quota Holders who are not in good standing and have not filed reports on a timely basis as per EFO General Regulations 3.10 and 3.11 will have a surcharge of ten cents per bird applied to their lease cost as per current policy. All leases submitted in 2016 will be invoiced at the amended rate.

Reimbursement from the Pullet Leasing Pool will be calculated on the lesser amount of the Ontario Pullet Grower's quota or maximum barn capacity. The maximum amount payable from the PLP over a five year period is limited to the lesser of the Pullet Grower's quota or maximum barn capacity. Example: A Pullet Grower's quota totals 10,000 units; maximum barn capacity is 9,000 units - the maximum number of units that will be used for calculating the PLP refund is limited to 9,000 units over a five year period.

5% Pullet Quota Increase Effective July 1, 2016

Pullet allocation will be increased by 5% effective July 1, 2016, allocated to pullet growers through a pullet quota increase with 30% divided equally between all pullet quota holders and 70% distributed to all pullet quota holders on a pro rata basis; with the Pullet Growth Allowance remaining at 5%.

In The Field

Biosecurity – Avian Influenza

In April 2015, highly pathogenic avian influenza (HPAI) infections were identified in Ontario. These disease incidents were devastating to the individual affected farms and had a significant impact on the Ontario poultry industry. Properly implemented biosecurity is the poultry producers' first line of defence against infectious diseases. Your farm biosecurity protocols should be well thought out, stringently implemented and continuously followed. Currently Canada remains "AI-free"; however, it is imperative that farmers not let their guard down. Constant and rigorous biosecurity measures should be practiced at all times. Farmers should immediately contact their veterinarian and the EFO Board if your birds show any signs of illness and/or increased mortality. EFO staff continues to be an active member of the Feather Board Command Centre working on preparedness and communications for emergency and disease response.

Be Seen Be Safe – Pilot Project

Last December EFO announced our participation in the Be Seen Be Safe (BSBS) project for egg and pullet farmers who were willing to participate as well as people and industry who visit your farms. The project is up and running. The geo-fencing has been completed, signs for driveway entries have been delivered, and apps have been loaded on phones by those who were requested to do so by farmers. The BSBS program is a regional biosecurity system that will help protect farmers, farm service workers, valuable livestock and crops and our industry in the event of a disease outbreak. Through geo-fencing technology, this is a real time automated visitor log book that is designed to prevent any disease outbreak from becoming catastrophic. The program can predict potential movement of a disease within minutes of the disease being declared. The strength and the success of the project lies with the producer who will need to request that anyone coming onto the farm or in the barn area needs to have the app loaded on their phones.

Third Party Audits – On Farm Food Safety Program & Animal Care Program

Work continues with EFO HACCP staff and Guelph Food Technology Centre who are EFO's third party auditors. The two programs have been revamped and enhanced, and will look a bit different than before but will still capture all the program elements. The new program format is being taken to some farms for a test run before final board approval. The program will then be introduced to all farmers by way of information sessions which will be held in different locations.

Euthanasia Training and Validation

All the training sessions have now been completed. Poultry Industry Council is in the process of putting together a voice over PowerPoint presentation (similar to the training sessions) that can be used by farmers from all the four feather boards. This would be available for new farmers, new employees, and for those few farmers who have not yet had the in-classroom training. Farmers are required to complete Part 1, the euthanasia training course, before the end of 2016 and complete Part 2 validation by submitting a signed letter of competence from a registered veterinarian (from an EFO approved list) before the end of February 2019.

Gas Code Working Group & Technical Standards & Safety Authority (TSSA)

Discussions continue with the TSSA over the issue of unvented barn heating systems. Options being considered are:

1. Existing barns – Consider allowing current livestock and poultry operations equipped with unvented heaters to use existing standard ventilation controllers set to provide continuous ventilation sufficient to satisfy a heater(s) and/or livestock and poultry needs whichever is greater with verification by a commercial agricultural ventilation designer/supplier.
2. New facilities – Consider allowing unvented gas heaters installed by a TSSA-certified gas fitter as compliant, together with verification of sufficient ventilation to operate heater(s) by commercial agricultural ventilation designer/supplier.

Barn Gassings

Over the last year staff have been involved in several barn gassings for both farmers and industry and have been asked to help out in cases of emergency. This is an effective method for total barn euthanasia and depopulation. Some provinces and the US have expressed interest in EFO's methods and protocols; we have been consulting with them in this regard.

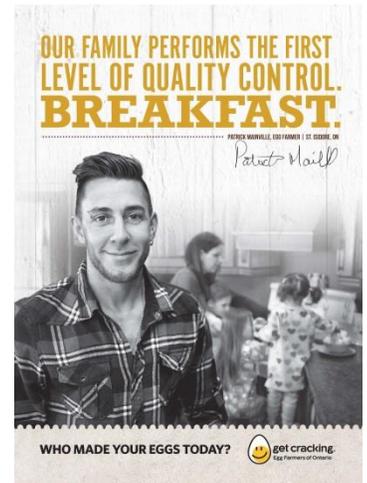
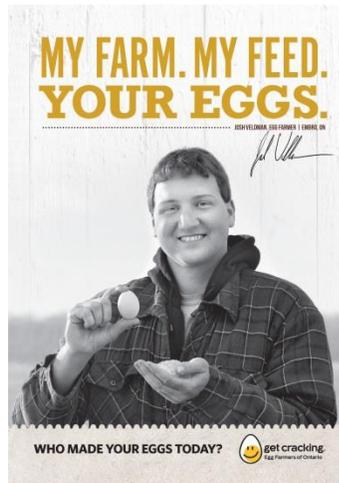
Public Affairs Update

ADVERTISING

Phase one of the 2016 *Who Made Your Eggs Today?* campaign was launched on March 28 and included a brand new look.

The first flight of the campaign featured Zone 3 egg farmer Josh Veldman and introduced a farmer from Zone 10, Patrick Mainville. The new creative replaced the old blue and white barn board look with sepia-toned photos, gold text and neutral elements matching the style of Egg Farmers of Ontario's (EFO's) online properties.

The spring launch consisted of transit executions, broadcast advertising on CP24 and CHCH television news channels as well as in-store ads.



STAKEHOLDER ENGAGEMENT

Consumer Choice Campaign

In response to the recent on-line and media activity surrounding the cage-free movement, EFO is moving forward with our *Consumer Choice Campaign*. This is a multi-year plan with various strategy levels, with objectives that focus on consumer choice and the evolution of housing, the various egg options available to consumers and the tradeoffs of each system. In addition, it will provide information on housing systems – in terms of economics, sustainability and hen well-being in a manner that encourages restaurants and retailers to consider sourcing eggs from a variety of production systems.

A variety of tactics will be used to implement the campaign, including consumer purchasing research, a consumer engagement plan consisting of farmer videos, digital hypertargeting, media tour, blogger tour and twitter forums as well as updated Egg Ambassador training and resources, targeting media monitoring and an Issues Management and Engagement Plan.

Visit <http://www.eggfarmersofontario.ca/annual-meetings/51st-annual-meeting> to view the *Consumers Choice in the Canadian Marketplace Strategy* presentation and *Coalition for Sustainable Egg Supply* report to EFO's 2016 Annual Meeting.

OUTREACH

Following a recommendation by the Public Affairs Committee, it was decided by EFO's Board of Directors that both egg education trailers not be used in 2016 to concentrate on re-purposing the trailers for future use. Literature was provided to fairs that were interested in distributing our materials.

Kitchen Demonstration Program



EFO has partnered with Judy Scott Welden, Home Economist and Nutritionist in this program which loans out a portable demonstration kitchen unit to fairs. To create a presence while our trailers are being updated this year, it was decided to increase the amount of fairs the kitchen display would go to during the 2016 fair season.

This year the kitchen will travel to Sutton Fair and Capital Fair in August as well as Orangeville, Petrolia-Enniskillen, Richmond and Caledonia Fair and the International Plowing Match (Lifestyles tent) in September.

SPONSORSHIP

Ottawa Senators



Throughout the 2015/2016 NHL season, EFO partnered with the Ottawa Senators and showcased eggs as the *official breakfast protein of the Ottawa Senators*.

This included farmer participation in *Home Town Tours* held at ten Eastern Ontario locations; EFO staff participated in *Fan Fest* where a giant omelette was prepared and served and staff also handed out egg recipes and literature; six recipe cards were created to give out during fan events and promoted on the Senators website; TV ads appearing on screens at the Canadian Tire Centre and two community centres associated with the Senators; print ads in the *Sens Insider* monthly newsletter with a distribution of 10,000 per

month; and Ice Crew Sponsorship on jackets, helmets and shovels with a guaranteed four appearances per game.

Negotiations for activation elements for the 2016/2017 season are well underway.

Valérie Grenier Sponsorship

In partnership with Fédération des producteurs d'oeufs du Québec (FPOQ), EFO was proud to sponsor Zone 10 egg farmer Valérie Grenier, a member of Alpine Canada's ski team. Valerie was the downhill Junior World Champion, Super G Junior silver medalist and took 2nd place in the Noram Cup overall during the 2015-2016 season. FPOQ and EFO are proud to continue this partnership for the 2016/2017 season.



Ontario Student Nutrition Programs Network

Egg Farmers of Ontario recently partnered with the *Ontario Student Nutrition Programs Network* for a three year commitment of \$150,000 to provide Ontario schools with the necessary funding to purchase eggs or the equipment needed to serve them. Funds were distributed to all 14 regions in Ontario, prorated based on the number of nutrition programs offered in each area. To date, over 35,000 students have directly benefitted from this funding.

Resource packages were also distributed to all schools who will be receiving funds this year. These packages included recipes that can be used in their breakfast programs, egg nutrition information and education resources that can be circulated to teachers in each school.

Scott Graham, EFO Chair, presented a cheque for this year's funding at St. James Catholic School in Guelph.

2016 Ontario Summer Games

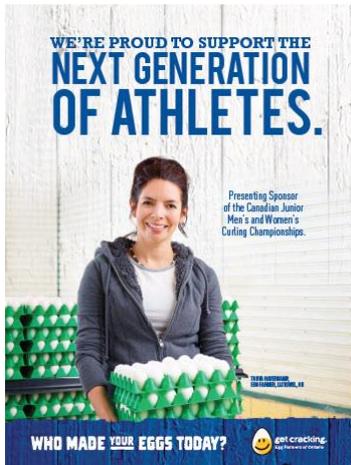
The City of Mississauga is the official host of the 2016 Ontario Summer Games which take place August 11-14. More than 4,000 athletes from across Ontario, ranging in age from 13 to 17, will compete in 32 sporting events. EFO is proud to be one of the breakfast sponsors for the games, by providing close to 2,000 dozen eggs for the athletes.

Curling Canada

Egg Farmers of Ontario was proud to be the *Official Breakfast Protein* and the *Presenting Sponsor* of the 2016 Canadian Men's and Women's Junior Curling Championships, held in Stratford in January.

We were also a sponsor of the *Inspiring Youth Through Sport* for the *Rocks and Rings* program in Stratford area schools.

Our sponsorship of the championships included scoreboard identification, hack signs, in-ice signs and giveaways for the players' welcome bags and banquet.



FOODSERVICE

Egg Chef

In April, EFO launched a new, improved *Egg Chef* foodservice website designed to assist foodservice operators in creating customized marketing materials to help increase the sale of egg menu items. The site provides operators with the ability to create table cards, posters, banners or loyalty cards by following a simple step-by-step process.

This free, online marketing tool is open to foodservice operators in Ontario only and can be accessed by signing up at www.eggchef.ca. Individual restaurant logos and food images can be added to design templates on the portal for custom applications.