



# Flock Allotment Policy – Layer Producers

amended December 2021

## 1. PURPOSE AND INTENDED OBJECTIVES

- a) This Policy sets out the basis by which EFO will determine each layer producer’s total allotment to effectively manage the quality, quantity, supply and orderly marketing of eggs in Ontario.
- b) The total allotment will consist of the production quota together with any “program birds” meaning fowl allowances under EFO programs for managing the egg supply.
- c) EFO will apply its Home Week Policy and consult as it considers necessary with layer producers, hatcheries, grading stations, transporters, catchers and others in the supply chain as part of the allotment process. All commercial operations will be treated equally with no distinction between “single” versus “multi-flock operations”.

## 2. FLOCK ALLOTMENT

Commencing on the 1<sup>st</sup> day of January, 2021, each layer producer will receive a flock allotment (allowable) once every twelve (12) month period based on that layer producer’s Home Week and based on the following methodology:

$$\text{PQ} + \text{Converted LLP} = \text{Revised PQ}$$

$$\text{Revised PQ} + \text{MGA} = \text{PA}$$

$$\text{PA} + \text{Applicable Programs} = \text{Total Allotment/Total Allowable}$$

Example of a producer’s Per Barn Allotment:

Registered Premises #123	Barn (Flock) #1
Production Quota (PQ)	23,516
LLP Converted to PQ (five year purchase-to-own program)	1,800
<b>Revised PQ</b>	<u>25,316</u>
Market Growth Allowance (MGA) Birds @ 2% of PQ	506
<b>Production Allotment (PA)</b>	<u>25,822</u>
Mortality Allowance Birds @ 3% of PA	774
Flock Incentive Birds @ 2% of PA for approved Jan./Feb. placements	516
Other, if applicable (described below)	TBD
<b>Total Allotment/Total Allowable</b>	<u><b>27,112</b></u>

## 3. LAYER PRODUCTION QUOTA

- a) Layer P.Q. is attached to the layer producer’s registered premises with the allotment (allowable) based on an allocation of P.Q. by Home Weeks by Flock.
- b) P.Q. is allotted on a per barn basis and all program birds are calculated on the P.Q. for each barn.  
P.Q. Barn 1 + P.Q. Barn 2 + Barn “X” = Total Production Quota

## 4. LAYER LEASING PROGRAM (LLP) CONVERSION

The LLP program was discontinued as of January 1, 2021; eligible quota holders will be able to purchase the bird numbers they would have been able to place under the Layer Leasing Program on a five year “sale of layer leasing program birds” program up to a maximum of 1,800 birds in accordance with the following:

- a) Producers can convert on a one for one basis up to 1,800 the number of current Production Quota units held over a five (5) year period. Producers will have 10 years from January 1<sup>st</sup>, 2021 to exercise and complete the conversion option and a total of 15 years to benefit from this program conversion.
- b) There will be a 10 year conversion period for those producers holding less than 1,800 units and or do not have the current capacity to place their full allotment entitlement.
- c) Additional layer leasing birds can be converted as Production Quota is acquired through the Quota Transfer System (QTS) or as new capacity is added.
- d) Family transfers will be allowed to facilitate this conversation process as required and approved by the Board.



- e) Upon expiry of the conversion period, no remaining birds not converted can be used as the basis for that layer producer's future allotment.
- f) EFO will invoice the layer producer for each quota unit converted upon the birds reaching 45 weeks of age at the rate of \$15.00 per bird (unit of quota) for five years.
- g) The conversion process lasts five (5) years from the date of payment of the EFO invoice, during which time (the "conversion date"),
  - i. After completion of the five (5) year period, the birds (units of quota) are not saleable as production quota until two (2) years after that date.
  - ii. For producers with PQ of 1,800 or less, no quota may be sold for seven (7) years otherwise the units of quota involved in the conversion process will be removed from the producers allotment with no refund of lease amounts previously paid.
  - iii. No conversion rights under this Policy are transferable to any other registered premises or layer producer.
  - iv. For any sale of registered premises during the seven (7) year period commencing from the conversion date, units of quota involved in the conversion process are returned to the Board with no refund of lease amounts previously paid, except sales to eligible family members is allowed.
- h) A producer wishing to participate in the Program shall notify EFO on the EFO Online Portal with the effective date to be as of that producer's next issued allotment placing 19 week old birds after January 1<sup>st</sup>, 2021. A separate letter will be issued to all producers to sign and agree to the terms of the conversion.
- i) To be eligible, a layer producer must have been a quota holder in Good Standing as of September 6, 2019 and to have provided EFO with the required attestation of quota ownership as at January 1<sup>st</sup>, 2020 (entered on the EFO Online Portal on or before January 31<sup>st</sup>, 2021).

#### **5. MARKET GROWTH ALLOWANCE (MGA) BIRDS**

- a) The MGA Program, currently at 2% of producer's production quota, will continue under the new single allotment system which the Board will use as a "sleeve" to provide flexibility for achieving the 100% bird utilization target. Provided that in the event of future bird reductions, the Board may reduce or eliminate this Program.
- b) For multi-barn operations, the MGA in each barn will be calculated based on the Production Quota designated to each barn.

#### **6. MORTALITY ALLOWANCE BIRDS**

- a) The mortality allowance, currently set by the Board at 3% of a production quota including MGA birds on a per barn basis, provides producers with relief in respect of birds that die during the laying cycle, enabling them to fully utilize the production quota and thereby assisting the Board in achieving the goal of 100% bird utilization. This Program and production allotment may be cancelled or changed by the Board at any time.
- b) For multi-barn operations, the Mortality Allowance in each barn will be calculated based on the Production Allotment designated to each barn.

#### **7. FLOCK INCENTIVE BIRDS**

- a) Producers with Home Weeks in January or February have been eligible to apply for an allowance, currently set at 2% of the producer's production quota on a per barn basis in recognition of the higher costs associated with placement during those weeks. No new producers are eligible to apply. Existing producers in this Program will automatically be granted this allowance as part of the allotment process. This Program and the percentage allowance may be changed or cancelled by the Board at any time.
- b) For multi-barn operations, the Flock Incentive birds in each barn will be calculated based on the Production Allotment designated to each barn.

#### **8. OTHER BIRDS**

From time to time the Board may, in its discretion, authorize additional birds (units of quota) as part of a producer's annual allotment through:



- i. Quota Credits as defined in the Quota Credit Policy.
- ii. Cost of Production Birds (units of quota) as compensation for participation in Cost of Production Birds studies.

### **9. FACILITATING THE ALLOTMENT PROCESS**

- a) Based on the foregoing, EFO staff will determine the Total Allotment for each layer producer.
- b) Forty-two (42) weeks in advance (N-42) of bird placement in the layer barn (defined as week N), EFO staff will send digitally (EFOOnline) to each layer producer their per barn/flock Total Allotment associated with that barn's approved Home Week.
- c) Layer producers will be required to confirm within four weeks of receiving their allotment or N-38 all information required as part of the allotment process including but not limited to the following information:
  - i. The allotment provided by EFO staff
  - ii. The colour of birds
  - iii. The pullet hatchery that the producer is contracting with
  - iv. Estimated placement date (to be confirmed by the hatcheries) which must align with the designated Home Week
- d) If no response is received within the required time frame (N-38), the information will then be sent to the Hatchery currently on record with EFO to complete the contracting process.
- e) Only an error in the allotment process deemed material by EFO staff will result in any change after the allotment is confirmed by the Layer Farmer and / or sent to the Hatchery at N-38. As noted Layer Farmers will be given a four week period to confirm their allotment including a request for family transfers.
- f) Hatcheries will be given a 10 week period to complete the contracting process including confirmation of the placement date and pullet grower, this period is defined as N-38 to N-28.
- g) Pullet growers will then be requested digitally to confirm the hen order during a two week period N-28 to N-26.
- h) Farmers and Hatcheries will be provided with system alerts to help manage the planning process and meet the required timelines.
- i) Allotments will only be made to parties who have accepted the Online User Agreement or have been granted an exemption on religious grounds.

### **10. GENERAL CRITERIA ATTACHED TO THE ALLOTMENT PROCESS**

- a) Producers that have capacity are expected to place their allowable.
- b) Producers that do not intend to place at least 90% of their allowable must provide the reason(s) for this decision using the EFOOnline Portal.
- c) A producer's allotment will be the lesser of the actual allotment or the barn's density / capacity per the Board approved measurement certificates, all allotments will include a 3% mortality component.
- d) Upon placement of birds in the layer barn, all layer producers will have a common mortality factor of 3%. In the pullet barns the provisions of the Special Layer Lease Policy have established recommended mortality levels at 2.75% for white birds and 4% for brown birds all housing systems. In instances of high mortality levels in the first seven days in either the pullet barn or the layer barn the hatcheries and farmers are to advise EFO staff of a farmer request to "top up the flock" and the amount of birds that have been replaced. For the pullet barn during the first seven days after placement, hatcheries are permitted to top white flocks back up to a 1% mortality threshold and 2% for brown birds. The pullet farmer is to report the actual mortality in their 2 week old flock reporting.

### **11. COMPLIANCE**

Producers are required to be in Good Standing with the Board.