



Pullet Leasing Pool (PLP) Policy

amended May 2021

PURPOSE AND INTENDED OBJECTIVES:

The purpose of this Policy and its intended objectives are as follows:

- To provide for an orderly, predictable and transparent mechanism for Ontario Pullet Quota Holders (Pullet Growers) to participate in the Pullet Leasing Pool required to support the effective management of egg production.
- To provide mechanisms that enable EFO to co-ordinate and optimize utilization of its provincial quota allocation to effectively manage production within the parameters of the national egg supply management system.
- To ensure pullet quota is the first and primary mechanism to support provincial quota allocation and recognize pullet leasing as a secondary tool that will be used on an as-needed basis.
- To prioritize the interests of Pullet Growers' utilization of quota and ensure that pullet leasing does not interfere with their market opportunities.
- To establish lease rates that support the policy objectives of providing EFO and Pullet Growers the desired short-term flexibility to respond to market changes and optimize Ontario allocation.

PROGRAM REQUIREMENTS:

- All Pullet Leasing Pool applications must be submitted by a Pullet Grower a minimum of 30 business days prior to the placement of day old chicks into the Pullet Grower's facility. Late applications may be subject to sanctions as determined by the Board.
- EFO's Pullet Committee must be satisfied that all suitable Pullet Grower facilities are utilized prior to leases being approved by the Board.
- To be eligible to participate in the PLP, at the prescribed rates, the Pullet Growers' paperwork must be current and filed at the EFO office as outlined in EFO's General Regulations:

Reporting Requirements [EFO General Regulations 2012, Part 3 Pullets]

3.10 Every pullet grower shall complete, certify as true and accurate, and file with the Board at its office, a Pullet Grower Day-Old Report in Form GR-PGI-3.10, for all day-olds placed by such pullet grower in any week, within ten (10) business days following the last placement.

3.11 Every pullet grower shall complete, certify as true and accurate, and file with the Board at its office, a 19 Week Old Pullet Report in Form GR-PGI-3.11, within ten (10) business days following the last date of the transfer of pullets from the pullet facility.

- Pullet Growers who are not in good standing and have not filed reports on a timely basis 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 following confirmation of the pullet placement.
- Delay in payment of a pullet lease could result in the Pullet Grower being in violation of EFO Regulations and considered in an over utilized position.
- Pullet Growers who are found to be in an over utilized position may choose one of two options:
 - The Pullet Grower can remit 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
 - The Pullet Grower can 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 for two years [consecutive or non-consecutive], the Pullet Grower may receive a permanent reduction of Pullet Production Quota.
- Pullet leasing is not to be used as an alternative to quota ownership.



PULLET LEASING FEES AND CONDITIONS:

- (1) Pullet Leasing Pool Policy will be a 5 year policy beginning January 1, 2019 using a graduated fee schedule as follows:
 - For years 1, 2, and 3 starting at \$1.10 for the first 7,500 units and increasing by 25 cents with every 10,000 birds, to a cap of the growing fee for that year;
 - For years 4 and 5 starting at \$1.10 for the first 5,000 units and increasing by 25 cents with every 5,000 birds, to a cap of the growing fee for that year;
 - Approved leases are flock specific and do not guarantee approval of subsequent lease request(s);
 - If an additional lease is granted in the same calendar year, then the fee will start at the rate applied to the last unit on the previous lease during that calendar year.
- (2) For any lease in excess of 5,000 units, the farmer will have to demonstrate active participation on the QTS for the amount requested to lease and/or that allowed by the Pullet Quota Policy.
- (3) Any sale of pullet quota disqualifies the farmer from leasing for 2 years.
- (4) All leases will be subject to a \$100 application fee plus HST.

Note: Effective April 2021 the EFO Board has frozen the fee schedule to years 1-3 rates shown above. A new growing fee planned for 2022 requires further analysis and consultation with industry.

KEY PROVISIONS:

The Pullet Leasing Pool Policy will be reviewed on a periodic basis, at which time, EFO will make decisions whether to continue the Pullet Leasing Pool Policy in its current form or to revise, revoke, amend or replace all or part of such current Pullet Leasing Pool Policy. In engaging in such review, EFO will consider the current Pullet Leasing Pool Policy implications in the context of the purpose and intended objectives outlined above.

Pullet quota leasing should not be seen as a predictable, continual source of pullet quota on a flock to flock basis. Accordingly, producers should not treat pullet quota leasing as the primary anticipated source of pullet quota for their pullet production operations or planned operations.

Pullet Growers should base their business plans around pullet quota ownership and not on the availability of pullet leasing since lease volumes and rates charged will be subject to ongoing changes in response to utilization results and market conditions. EFO advises not to incorporate pullet leasing volumes in business plans and Pullet Growers do so at their own risk. Further, any pullet quota transfer approved by the Board in relation to an existing or intended pullet production facility in no way means or should be construed as any approval of any individual producer initiative or business plan in which pullet quota leasing is an intended component.

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 Quota Holder Facilities in relation to the total Ontario Pullet Production Quota.
- All Ontario Pullet Growers 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.
- Reimbursement from the Pullet Leasing Pool will be calculated on the lesser amount of the Pullet Grower's Quota or maximum barn capacity.
- Over a five year period, the maximum amount payable, from the PLP, 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.

FEES & PAYMENTS:

- PLP fees and payment structure will be reviewed periodically.