



Flock Allotment Policy – Layer Producers

Effective January 2021
(amended February 2021)

1. PURPOSE AND INTENDED OBJECTIVES

- This Policy sets out the basis by which EFO will determine each layer producer's total allotment (the "allowable") to effectively manage the quality, quantity, supply and orderly marketing of eggs in Ontario.
- The "allowable" will consist of the production quota together with any "program birds" meaning fowl allowances under EFO programs for managing the egg supply.
- 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 1st 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
Revised PQ	25,316
Market Growth Allowance (MGA) Birds @ 2% of PQ	506
Production Allotment (PA)	25,822
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
Total Allotment/Total Allowable	27,112

3. LAYER PRODUCTION QUOTA

- 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.
- P.Q. is allotted on a per barn basis and all program birds are calculated on the P.Q. for each barn.
 $\text{P.Q. Barn 1} + \text{P.Q. Barn 2} + \text{Barn "X"} = \text{Total Production Quota}$

4. LAYER LEASING PROGRAM (LLP) CONVERSION

The LLP will be 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:

- 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 1st, 2021 to exercise and complete the conversion option and a total of 15 years to benefit from this program conversion.
- 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.
- Additional layer leasing birds can be converted as Production Quota is acquired through the Quota Transfer System (QTS) or as new capacity is added.
- 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). The annual invoices cannot be paid in full, only annually when invoiced each year under the program.
- 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, there will be no ability to sell quota 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 in writing with the effective date to be as of that producer's next issued allotment placing 19 week old birds after January 1st, 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 1st, 2020 (submitted to EFO offices on or before January 31st, 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) Ten (10) months in advance of bird placement in the layer barn, EFO staff will send to each layer producer their per barn/flock Total Allotment, where each Total Allotment is associated with that barn's approved Home Week. During the transition period of the LLP conversion and move to single flock allotments, staff will work with layer producers to align Production Quota by designated Home Week and barns.
- c) Layer producers will be required to confirm within five business days all information provided as part of the allotment process including but not limited to the following information:
 - a. The allotment provided by EFO staff
 - b. The color of birds and recommend mortality placement in the pullet barn
 - c. The pullet hatchery that the producer is contracting with
 - d. Validation of key dates that must align with the designated Home Week

When all details of the pullet order have been confirmed with the Hatchery, the Layer Producer will be asked to perform one last approval to confirm their acceptance of the pullet grower.

- d) If no response is received within the 5 business days, the information will then be sent to the Hatchery noted on the allotment for confirmation of delivery dates and other information as required on the pullet order.
- e) The timelines of the Quota Transfer System (QTS) and family/same owner transfers of Production Quota are aligned to ensure that no changes are made to a Total Allotment after it has been issued by EFO staff to ensure an orderly fulfillment process. Only an error in the allotment process deemed material by EFO staff will result in any change.

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 in writing to the Board the reason(s) for this decision.
- c) A producer's allotment will be the lesser of the actual allotment or the barn's density per the Board approved measurement certificates, all allotments will include a 3% mortality component.
- d) Upon placement of birds in the layer barn at 19 weeks of age, 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 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 as defined in the Good Standing Policy.

12. POLICY NOTIFICATION

This policy is effective January 1st, 2021 and replaces the following policies:

- a) Flock Placement Incentive Policy
- b) Layer Leasing Program (LLP)
- c) Market Growth Allowance (MGA) Program
- d) Mortality Allowance Program
- e) Fowl Quota Placement Policy